



Te Kaunihera-ā-Rohe o Taratahi

CARTERTON
DISTRICT COUNCIL

AGENDA

Investment Committee meeting

Date: Wednesday, 6 August 2025

Time: 1:00 pm

**Location: Carterton Events Centre
50 Holloway St
Carterton**

S Laurence (Chair)

S Cretney (Deputy Chair)

Mayor R Mark

Cr L Newman

M Sebire - Independent member

Notice is hereby given that an Investment Committee meeting of the Carterton District Council will be held in the Carterton Events Centre, 50 Holloway St, Carterton on:

Wednesday, 6 August 2025 at 1:00 pm

Order Of Business

1	Karakia Timatanga	5
2	Apologies	5
3	Conflicts of Interests Declaration	5
4	Public Forum	5
5	Discussion of the Public Forum.....	5
6	Confirmation of the Minutes.....	6
6.1	Minutes of the Investment Committee Meeting held on 7 May 2025.....	6
7	Reports	10
7.1	Review of the Statement of Investment Policy and Objectives (SIPO) and Investment Committee Terms of Reference.....	10
8	Exclusion of the Public	23
8.1	Confirmation of the Public Excluded Minutes of the Investment Committee, 7 May 2025	23
8.2	Investment Report to 30 June 2025	23
9	Karakia Whakamutunga.....	24

1 KARAKIA TIMATANGA

Mai i te pae maunga, raro ki te tai

Mai i te awa tonga, raro ki te awa raki

Tēnei te hapori awhi ai e Taratahi.

Whano whano, haramai te toki

Haumi ē, hui ē, tāiki ē!

2 APOLOGIES

3 CONFLICTS OF INTERESTS DECLARATION

4 PUBLIC FORUM

5 DISCUSSION OF THE PUBLIC FORUM

6 CONFIRMATION OF THE MINUTES



6.1 MINUTES OF THE INVESTMENT COMMITTEE MEETING HELD ON 7 MAY 2025

1. RECOMMENDATION

1. That the Minutes of the Investment Committee Meeting held on 7 May 2025 are true and correct.

File Number: 454362

Author: Serah Pettigrew, Democratic Services Officer

Attachments: 1. Minutes of the Investment Committee Meeting held on 7 May 2025

**MINUTES OF CARTERTON DISTRICT COUNCIL
INVESTMENT COMMITTEE MEETING
HELD AT THE CARTERTON EVENTS CENTRE, 50 HOLLOWAY ST, CARTERTON
ON WEDNESDAY, 7 MAY 2025 AT 12:30 PM**

PRESENT: Cr Steve Laurence (Chair), Deputy Mayor Steve Cretney (Deputy Chair), Mayor Ron Mark, Cr Lou Newman, Marty Sebire (Independent member)

IN ATTENDANCE: Elected Members

Cr Brian Deller, Cr Steve Gallon

Staff

Geoff Hamilton (Chief Executive), Karon Ashforth (Corporate Services Manager), Robyn Blue (Democratic Services Officer, Serah Pettigrew (Democratic Services Officer)

Other

Peter Veerhaart (EriksensGlobal)

1 KARAKIA TIMATANGA

The meeting opened with a karakia by all members.

2 APOLOGIES

There were no apologies received.

3 CONFLICTS OF INTERESTS DECLARATION

There were no conflicts of interest declared.

4 PUBLIC FORUM

There was no public forum.

5 CONFIRMATION OF THE MINUTES

6.1 MINUTES OF THE INVESTMENT COMMITTEE MEETING HELD ON 12 FEBRUARY 2025

MOVED

1. That the Minutes of the Investment Committee Meeting held on 12 February 2025 are true and correct.

Cr S Laurence/Deputy Mayor S Cretney

CARRIED

6 EXCLUSION OF THE PUBLIC

RESOLUTION TO EXCLUDE THE PUBLIC

MOVED

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Confirmation of the public-excluded minutes of the Investment Committee held 12 February 2024	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.2 - Investment Report to 31 March 2025	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

Cr L Newman/Deputy Mayor S Cretney

CARRIED

MOVED

That Council moves out of Closed Council into Open Council.

Deputy Mayor S Cretney/Cr L Newman

CARRIED

7 KARAKIA WHAKAMUTUNGA

The meeting closed with a karakia by all members.

The Meeting closed at 1:03pm.

Minutes confirmed:

Date:

DRAFT

7 REPORTS



7.1 REVIEW OF THE STATEMENT OF INVESTMENT POLICY AND OBJECTIVES (SIPO) AND INVESTMENT COMMITTEE TERMS OF REFERENCE

1. PURPOSE

For the Committee to undertake a review of the Statement of Investment Policy and Objectives (SIPO) and also review of the Investment Committee Terms of Reference.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

The long-term investment fund has been established to generate income and grow the reserve assets in order to provide funding in real terms for community outcomes. The fund is expected to augment Council's income and reduce the burden on ratepayers.

The Terms of Reference for the Investment Committee identifies that a specific responsibility of the Committee is to review the Statement of Investment Policy and Objectives (SIPO) annually, including instructions to the Investment Consultant and Investment Managers, and recommending changes to the SIPO for review and approval by Council.

4. STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

Eriksens Global reviewed and provided the following feedback:

In their view, the SIPO remains fit-for-purpose from an investment management point-of-view, but suggest there is a discussion on investment beliefs and Council's risk profile at this meeting.

The only suggested changes are:

1. Note that the industry standard name for a SIPO is 'Statement of Investment Policy and Objectives', rather than 'Statement of Investment Principles and Objectives'.
2. Update the SIPO to note that Direct Equity investments are permitted investment able to be approved by Council. The Castlerock Investment in Council's current investment portfolio is an example of this type of investment.
3. Update the schedule of assets in the Appendix.

This information has been updated in the updated SIPO (outlined in red lettering) in **Attachment 1**.

5. TERMS OF REFERENCE

The Investment Committee Terms of Reference were reviewed by Council in 2024.

Eriksens Global agree that they remain fit-for-purpose and that no changes are recommended.

6. NEXT STEPS

The next step is to table the changes to the SIPO at Council for approval.

7. CONSIDERATIONS

7.1 Climate change

There are no climate change considerations relating to the decisions in this report.

7.2 Tāngata whenua

There are no impacts on tāngata whenua relating to the decisions in this report.

7.3 Financial impact

There are no financial impacts relating to the decisions in this report.

7.4 Risks

There are no risks related to the decisions in this report.

7.5 Community Engagement requirements

There are no community engagement requirements relating to the decision in this report.

8. RECOMMENDATION

That the Committee:

1. **Receives** the report.
2. **Recommend** Council adopt the updated the Statement of Investment Policy and Objectives.
3. **Endorses** the Terms of Reference of the Investment Committee, noting that this has been reviewed and no changes are recommended.

File Number: 452107

Author: Geoff Hamilton, Chief Executive

Attachments:

1. Updated Statement of Investment Policy and Objectives, 6 August 2025 [↓](#)
2. Terms of Reference, Investment Committee [↓](#)



SIPO

Statement of Investment **Policy** and Objectives (SIPO)

Updated 6 August 2025





The Carterton District Council is responsible for developing and maintaining a wide range of public services and facilities to provide a quality lifestyle for people living in the district.

This includes infrastructure such as roading, water supplies, sewerage and wastewater disposal, parks, and street lights.

The Council also plans for and manages land use and subdivision activity.

The Council has established a long-term investment fund to provide an additional income stream to achieve its community outcomes and reduce the burden on ratepayers.

Community outcomes

social well-being

- A strong and effective council providing trusted leadership.
- A caring community that is safe, healthy, and connected.
- An empowered community that participates in Council and community-based decision making.
- Awesome public facilities, spaces, and parks.

environmental well-being

- Safe and resilient water supply, wastewater, and stormwater systems.
- Healthy, sustainable waterways.
- An environmentally responsible community committed to reducing our carbon footprint and adapting to the impacts of climate change.
- A resilient community capable of responding and recovering from environmental shocks.

economic well-being

- Quality fit for purpose infrastructure and services that are cost effective and meet future needs.
- A vibrant and prosperous business and primary sector investing in, and supported by, the community.
- A community that is productively engaged in employment, education, and community service.

cultural well-being

- Te Āo Māori/Māori aspirations and partnerships are valued and supported.
- A community that embraces and encourages our cultural diversity and heritage.
- A community that fosters and promotes our quirkiness and creativity.



The purpose for which the Long-Term Investment Fund has been established is to generate income and grow the Reserve Assets in order to provide funding in real terms for the Community Outcomes.

The Fund is expected to augment Council's income and reduce the burden on ratepayers

NATURE OF THE FUND

The **Carterton District Council**:

- Is a Local Authority under the Local Government Act 2002.
- Is tax exempt.
- Has a website [Carterton District Council \(cdc.govt.nz\)](http://cdc.govt.nz).
- Has a Balance Date of 30 June.

The Fund:

- Is a portion of the Reserve Assets held on the Council's accounts.
- Ultimately belongs to the Ratepayers of the Carterton District.
- Exists in perpetuity.

Governance

The **Council** will be responsible for the following:

- Reviewing and approving this SIPO, including the instructions to the Investment Consultant and Investment Managers.
- Reviewing the asset allocations and investment performance on at least a quarterly basis.

The **Investment Committee** will be responsible for:

- Reviewing this SIPO, including the instructions to the Investment Consultant and Investment Managers and providing changes to the SIPO to the Council for their review and approval.
- Determining the allocation of funds to the Long-Term Investment Fund
- Determining the appropriate number of Investment Managers for the Long-Term Investment Fund and selecting and changing those managers as appropriate on the advice of the Investment Consultant.
- Providing cash flow information to each Investment Manager with respect to future deposits and redemptions when requested.
- Reporting to the Council on at least a quarterly basis.



The **Investment Consultant** will be responsible for providing the following services as per any agreement with the Council:

- Proactively advising the Council of events and changes that may affect the manner in which the assets should be invested.
- Evaluating the appropriateness over time of the long-term asset allocation policy based on an annual review of capital market assumptions. If warranted, the Investment Consultant will advise of the need for a review.
- Monitoring the asset allocations between investment managers, against the ranges specified in this SIPO, based on market values at quarter end and advising the Council whenever the Monitored Portfolio requires rebalancing.
- Drafting necessary correspondence to enact the necessary rebalancing with the Investment Managers.
- Meeting with the Investment Committee to present investment monitoring reports and to discuss topical investment issues quarterly or as required.
- Assisting the Council in allocating new money or making redemptions from the Investment Managers by advising which Investment Manager(s) to deposit/redeem money from and drafting the necessary correspondence to the Investment Managers.
- Participating with the Council and the Investment Committee in the annual review of this SIPO.

Each **Investment Manager** of the Monitored Portfolio will be responsible for the following:

- Managing the funds allocated to them in accordance with the investment management agreements and/or governing documents referred to in the application form(s).
- Selecting securities within each asset class, subject to the constraints imposed in this document or by the policies advised by the Council and any applicable legislation.
- Where the Investment Manager's portion of the investment fund consists partly or wholly of a portfolio of individual securities, the Investment Manager's investment management agreement with the Council shall include explicit reference to the constraints or guidelines referred to in this SIPO as these relate to the Investment Manager.
- Where the Investment Manager's portion of the investment fund consists wholly of units in a pooled fund or funds, the Investment Manager shall undertake to advise the Council of any variations that may arise from time to time between the operation of such pooled fund(s) and the constraints or guidelines in this SIPO as these relate to the Investment Manager.
- Supplying to the Council and the Investment Consultant any reports of the fund's performance results in advance of regular meetings and on request, participating in those meetings to review the written reports. The reports shall contain such information and in such format as agreed with the Council and the Investment Consultant but must contain sufficient information to enable the annual accounts and any necessary tax calculations to be produced.
- Managing the investment fund in a manner that is consistent with the tax status of the Council.



- Participating, when required by the Council and the Investment Consultant in the annual review of this SIPO.

INVESTMENT BELIEFS

The Council believes:

- Strong governance leads to better investment decisions.
- Higher returns are associated with greater risk.
- Prudent diversification within a portfolio may reduce volatility if diversification opportunities are available otherwise risk must be managed.
- Asset allocation is important and is a major determinant of portfolio returns.
- Active management may return a premium over time but requires skill and information.
- Markets have a strong behavioural element.
- Historical performance is a poor guide to future performance.

In situations requiring direct investment, the following matters are important:

- To understand value and how it will be created.
- To understand how the investment will be protected if events unfold differently to that expected or priorities change.
- Thinking and acting like an investor and considering the following key elements:
 - Understanding the likely future outcomes.
 - Understanding cash flows as indicators of economic reality.
 - Consideration of acceptable risk levels.
 - Estimation of the value of money over time.
 - Consideration of the next best alternative to the investment on offer.
 - The value of the information they have about the potential investment.
 - The potential to reduce risk through diversification.



INVESTMENT RISK

A risk profiling exercise has been conducted by the Council to determine the range of outcomes the Council are most comfortable with. This has allowed a consistent risk adjusted approach to investment decisions. Initially the Council has adopted a **Moderate Risk Profile**, which will result in a portfolio with broadly one third growth funds and two thirds multi-asset income funds.

Risk and return are related. When investing, the more risk you accept, the more return you should require from an investment. Conversely, the more return you seek the greater the risk that needs to be taken.

The risk of each individual investment situation should be measured separately, but it should also be measured against a budget of risk for the total fund. Before entering into any investment opportunity, it is important to have a clear exit strategy.

All business ventures entail risk of loss. It is important to understand how much risk of loss exists and whether this will improve over time. Equity investors who own shares in a venture take the most risk, and they can expect to reap the greatest reward over time. However, equity investors are last in line when things do not go as planned.

The core idea of diversification is that spreading wealth amongst lowly or uncorrelated assets reduces the risk of loss.

The portfolio's capital and income returns will fluctuate. For the fund, capital and income can be considered collectively as the Total Return that is available for distribution. The initial capital base and any revenue reserve will also be affected. Recipients of distributions and project funding will therefore be subject to investment risk.

Key risks include:

- *Market* – the risk of market downturns. Mitigated by diversification and active management.
- *Inflation* – the loss of purchasing power. Mitigated by growth assets and reserves.
- *Interest rates* – loss of capital through rising rates income being eroded when rates fall. Mitigated by diversification and active bond management.
- *Currency* – Loss of value through the NZD appreciating against foreign currencies. Mitigated by limiting currency exposure through hedging strategies.
- *Credit* – Risk of loss through default or partial default of debt securities. Mitigated by diversification, investment grade credit and active management.
- *Financial* – Risk of loss through company failures. Mitigated by diversification, active management and direct involvement in Private Equity.
- *Liquidity* – Risk of not being able to cash in investments. Mitigated by investing in managed funds holding largely liquid securities and sound budget forecasting.
- *Operational* – The risk of losing money through errors or fraud. Mitigated by doing due diligence on operational aspects (e.g. custody arrangements) of external managers and ensuring managers have appropriate professional indemnity insurance in place.



INVESTMENT OBJECTIVES

The broad investment objectives for the investment portfolio are to achieve a level of return that is needed to meet the operating and distribution requirements as per the Long-Term Plan.

More specifically, the fund's investment policy aims to:

- Earn **returns** after expenses and inflation but before any taxes of 2% p.a. over rolling 3-year periods.
- Keep the **volatility** of returns in normal market conditions less than 5% p.a.

Volatility is measured as the annualised standard deviation of returns. For an expected return of 4.5% and volatility of 5% the annual return for the investment portfolio is expected to range between -0.5% and 9.5% two thirds of the time.

INVESTMENT POLICY

The Council has approved the following asset allocations and ranges for the management of the assets:

Asset Class	Target	Range
Private Equity	33%	0%-40%
Multi-Asset Income	67%	60%-100%
Direct Investment	0%	0-10%

Permitted investments include:

- Investment funds invested primarily in liquid securities.
- Private Equity funds recommended and monitored by the Investment Consultant.
- Active multi-asset funds.
- Active single sector funds.
- Passive funds.
- Direct investments **including Direct Equity investments** approved by Council from time-to-time.

REBALANCING POLICY

The portfolios will be monitored against the asset allocation targets and ranges on a monthly basis. Should a range be breached the Council, in consultation with the Investment Consultant, will rebalance the portfolio to be within the ranges. Factors considered will be the impact of transaction costs, specific risks in the portfolio and liquidity. Rebalancing should not be used by the Council for tactical positioning.



RESPONSIBLE AND IMPACT INVESTMENT

The Council expects the Investment Managers to incorporate Environmental, Social and Governance (ESG) factors into investment decisions.

As a guide, the Council believe that the Principles for Responsible Investment (PRI) and the principles of the UN Global Compact are a good guide to its expectations on ESG.

In addition, the Council support considering 'impact investments' that promote positive cultural, social or environmental outcomes. The Council acknowledge that such investments may provide a lower expected financial return.

DERIVATIVES POLICY

The use of derivatives is permitted subject to effective exposures being fully collateralised by cash and the gross exposure of any particular fund not exceeding the value of its physical holdings.

PORTFOLIO MONITORING

The Council expect the Investment Committee, with assistance from the Investment Consultant, to monitor the investment portfolio and report to the Council at least quarterly.

The principal goals of performance monitoring are to:

- Assess the extent to which the Council's investment objectives are being achieved.
- Continually assess the ability of each asset manager to successfully meet the Council's objectives.

Returns on the assets will be monitored quarterly by the Council in relation to the investment objectives detailed in this SIPO.

Asset managers' performance will be monitored monthly by the Investment Committee, with the assistance of the Investment Consultant, with a view to an annual evaluation of rolling three-year annualised results.

Asset managers' roles will be reviewed by the Council in conjunction with the investment consultant on a regular basis. Factors taken into account in these reviews will include investment style, resources, organisational strength, investment performance relative to objectives/benchmarks, and any other factors considered relevant to the asset managers' continuing ability to meet the applicable investment objective.

The Investment Consultant will report at least quarterly in accordance with a format agreed with the Council.



VERSION HISTORY

Version	Date Adopted	Title
1	14 September 2022	Original SIPO
2	6 August 2025	Updated SIPO <ul style="list-style-type: none"> • Title of the Policy • Inclusion of Direct Equity Investments as a permitted investment • Update of the asset allocation of the Investment Portfolio in the Appendix

APPENDIX – CURRENT HOLDINGS

At the date of adoption of this SIPO, the Council had the following assets:

Monitored Portfolio

Fund	Asset Values \$	Asset Allocation %	Category
Castle Point 5 Oceans Fund	1,522,449	26.8	Income – Multi-Asset
Harbour Income Fund	1,599,630	28.1	Income – Multi-Asset
Milford Diversified Income Fund	1,570,547	27.6	Income – Multi-Asset
Castlerock	997,395	17.5	Growth – Private Equity
Total	5,690,321	100.0	



Investment Committee Terms of Reference

Purpose

To monitor, evaluate and report to the Council on its Long-Term Investment Fund (the Fund).

Specific responsibilities

1. Reviewing the Statement of Investment Policy and Objectives annually, including the instructions to the Investment Consultant and Investment Managers, and recommending changes to the SIPO to Council for their review and approval.
2. Determining the allocation of funds to the Fund in partnership with the Chief Executive.
3. Determining the appropriate number of Investment Managers for the Fund and selecting and changing those managers as appropriate on the advice of the Investment Consultant.
4. Monitoring the investment performance of the Fund quarterly against benchmarks and budgets including reviewing reports from the independent investment adviser, the appointed fund managers and the Chief Executive as necessary.
5. Monitoring compliance with limits and permitted investments specified in the SIPO quarterly.
6. Assessing and periodically reviewing the risks of the Fund including the Council's risk profile and monitoring the volatility of the Fund's returns.
7. Authorise the movement of investment funds between the fund managers provided within the limits provided for in the SIPO on the advice of the Chief Executive and Investment Consultant.
8. Ensure compliance with Council's expectations on Responsible and Impact Investing as set out in the SIPO.
9. Periodically review the performance of the Investment Consultant. This should occur at a minimum of 3-year intervals.
10. Reporting to the Council on at least a quarterly basis.

Membership

The Investment Committee shall be made up of the Mayor¹ or Deputy Mayor, up to three elected members and one independent voting member (who may also be the Chair). The Committee may also appoint one additional non-voting independent member. Members shall be appointed on the basis of their skills and experience relevant to the purpose of the Committee. The Independent Chair and any appointed member will be eligible for payment.

Quorum

Three elected members, or two elected members and the Independent Chair.

Meeting frequency

Quarterly within six weeks of March, June, September and December quarter ends, and as required.

¹ The Mayor is ex-officio if not formally included as a member.

8 EXCLUSION OF THE PUBLIC

RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
8.1 - Confirmation of the Public Excluded Minutes of the Investment Committee, 7 May 2025	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
8.2 - Investment Report to 30 June 2025	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

Kia whakairia te tapu

Kia wātea ai te ara

Kia turuki whakataha ai

Kia turuki whakataha ai

Haumi ē, hui ē, taiki ē