MEETING OF THE

RISK & ASSURANCE COMMITTEE

THURSDAY 30 APRIL 2020

commencing at 10.30 am

via video meeting (Zoom)

CLUTHA DISTRICT COUNCIL

Notice is hereby given that a Meeting of the Risk & Assurance Committee will be held by way of a video (Zoom) meeting on Thursday 30 April 2020, commencing at 10.30 am.

Steve Hill
CHIEF EXECUTIVE OFFICER

Stephen Halliwell (Independent Chair)

Mayor Bryan Cadogan
Councillor Stewart Cowie (Deputy Mayor)
Councillor Ken Payne (Corporate & Property Committee Chair)
Councillor Bruce Vollweiler (Regulatory & Policy Committee Chair)
Councillor Bruce Graham (Service Delivery Chair)
Councillor John Herbert
Councillor Michelle Kennedy
Councillor Alison Ludemann

RISK & ASSURANCE COMMITTEE
30 April 2020

APOLOGIES
None at the time of the agenda being produced.

DECLARATION OF INTEREST
Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

URGENT BUSINESS

PUBLIC FORUM

Item	Page #	Title
1.	9	**Audit & Risk Committee Minutes** *(For the Committee's Confirmation)* Minutes of the Audit and Risk Committee held 19 March 2020**.**
2.	16	**Health & Safety, Risk and Major Projects Report** *(For the Committees Information)* This report contains a commentary as an attachment on the status of Category A Projects and a risk assessment on these projects.
3.	21	**Investment Portfolio Update Report** *(For the Committee's Information)* This report shows the monthly returns and compliance with agreed portfolio allocations for the months of April 2019 to March 2020:
4.	63	**Management Accounts Report** *(For the Committee's Information)* The report provides Management accounts for the period April 2019 to March 2020
5.	66	**Treasury Advisory Services Report** *(For the Committee's Information)* This report contains the Bancorp Treasury Report for the Clutha District Council to 31 March 2020.
6.	74	**Risk & Assurance Committee Work Programme Update** *(For the Committee's Information)* Update on the Risk & Assurance Committee work programme.
7.	78	**Reasons to Move to Public Excluded** *(For the Committee's Decision)* Confirmation of Public Excluded Minutes 19 March 2020. The Council may by resolution or upon motion being made, exclude

Item	Page #	Title
		the public from the whole or any part of the proceedings of any meeting.

Risk & Assurance Committee - Delegations

Constitution	Members of the Committee will be made up of an Independent Chair, Mayor, Deputy Mayor, Chair of the Corporate & Property, Service Delivery and Regulatory and Policy Committees and three other Councillors appointed by Council. Members will be appointed for an initial period not exceeding three years after which they will be eligible for extension or re-appointment, after a formal review of their performance. The Chief Executive and the General Manager Corporate Services will not be members of the Committee but may attend meetings as observers as determined by the Chairperson. The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Council. At least one independent member of the Committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.
Meeting Frequency	6 times per year, or as required.
Objective	To oversee aspects relating to audit and risk management. The Risk & Assurance Committee is an independent committee of Council. The purpose of the committee is to oversee: • risk management • internal control • external accountability • internal audit • external audit and • compliance with legislation, policies and procedures. The Committee has no executive powers and will conduct itself in accordance with the values and ethics of the Council. The Committee is directly responsible and accountable to the Council for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must always recognise that primary responsibility for management of the Council rests with the Chief Executive. The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Clutha District Council from time to time. The Council, at its meeting on 31 October 2019, established the Risk and Assurance Committee for the 2019-21 triennial. The Council authorises the Committee, within the scope of its role and responsibilities, to: • obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information); • discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);

• request the attendance of any employee, including the Chief Executive and the General Managers of Corporate Services, Service Delivery and Regulatory and

• obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Council's expense

Quorum	5 members
Additional Attendees	The Committee may invite various parties to attend its meetings. These parties may include other members of senior management or line managers as appropriate. When the Committee is considering a report, the manager responsible for the area under review will be given the opportunity to discuss the report with the Committee. Other elected members may attend but have no voting rights.

Areas of responsibility

1. Risk Management
   a. Ensure that Council has in place a current and comprehensive risk management framework and associated procedures and review for effective identification and management of Council's financial and business risks including fraud.
   b. Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings
   c. Review the effect of the Council's risk management framework on its control environment and insurance arrangements.
   d. Review whether a sound and effective approach has been followed in establishing the Council's business planning continuity arrangements, including whether disaster recovery plans have been tested periodically and
   e. Review the Council's internal controls in relation to preventing fraud and satisfy itself that the Council has appropriate processes and systems in place to capture and effectively investigate fraud-related information and to ensure appropriate action is taken against perpetrators of fraud.
2. Internal Control

   Review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective.

   Review whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated.

   Determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with.

   Review whether appropriate policies and procedures are in place for the management and exercise of delegations.

   Consider how management identifies and required changes to design or implementation of internal controls and

   review whether management has taken steps to embed a culture that is committed to ethical and lawful behaviour.
3. External Accountability

   The Committee's responsibilities are to:

   Review the financial statements and provide advice to the Council, including whether appropriate action has been taken in response to audit recommendations and adjustments.

   Satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of the systems of internal controls.

Review the processes in place designed to ensure that financial information included in the Council's annual report is consistent with the signed financial statements.

Review the processes and risk assessment are in place for the development and adoption of the Council's Long-Term Plan.

Satisfy itself that the Council has appropriate mechanisms in place to review and implement, where appropriate, relevant external audit reports and recommendations; and

Satisfy itself that the Council has a performance management framework that is linked to organisational objectives and outcomes.

4. Internal audit

The Committee's responsibilities are to:

Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors.

Review the internal audit coverage and annual work plan, ensure that the plan is based on the Council's risk management plan, and recommend approval of the plan on behalf of the Council.

Advise the Mayor and Chief Executive on the adequacy of resources to carry out the internal audit, including completion of the approved internal audit plan.

Oversee the co-ordination of audit programs conducted by the internal and external auditors and other review functions.

Review all audit reports and provide advice to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice.

Monitor management's implementation of the internal auditor's recommendations.

Review the internal audit charter to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place.

5. External audit

The Committee's responsibilities are to:

Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors.

Provide input and feedback on the financial statements and the audit coverage proposed by the external auditor and provide feedback on the audit services provided.

Review all external plans and reports for planned or completed audits and monitor management's implementation of audit recommendations.

Oversee the co-ordination of audit programs conducted by the internal and external auditors and other review functions and

Provide advice to the Council and Chief executive on action taken on significant issues raised in relevant external audit reports and good practice guides.

6. Compliance with legislation, standards and good practice guidelines

The Committee's responsibilities are to:

Determine whether management has appropriately considered legal and compliance risks as part of the Council's risk assessment and management arrangements and

Review the effectiveness of the system for monitoring the Council's compliance with relevant laws regulations, and associated government policies.

Financial Delegations

7. Financial delegations are identified in Appendix C – Financial Delegations.

Power to resolve

8. In exercising the delegated powers, the risk & assurance committee will operate within policies, plans, standards or guidelines that have been established and approved by Council, the overall priorities of Council, the needs of the local communities and the approved budgets for the activity.

Power to recommend to Council

9. Strategic Finance

    Financial Strategy.

    Revenue and Financing Policy matters (excluding rates reviews).

    Treasury Management and Borrowing and Investment Policies.

    Adoption of Annual Report.

    Investment strategy.

    Borrowing.

    Management policies (e.g. fraud, sensitive expenditure).

10. Risk

    Risk Management Policy (setting Council's appetite for risk).

    Risk Management outside of budgets (e.g. insurance).

    Risk Management outside of Risk Management Policy.

    Delegations Policy to Chief Executive and direct to officers where required.

    Insurance (including self-insurance) within policy and budgets.

Power to monitor

11. Strategic Finance

    Investment Policy compliance.

    Debt Policy compliance.

    Financial Strategy compliance

    i. risk and opportunities monitoring

    ii. capital programme monitoring.

    Financial Strategy monitoring.

    Investment monitoring (including return on investment for cash and property. ~~and forestry~~)

    Debt monitoring.

12. Risk

    Risk management framework.

    Major project monitoring.

    Debt risk management.

    External audit.

    Internal control framework

    i. internal audit

    ii. sensitive expenditure

    iii. conflicts of interest.

    Legal compliance.

    Health and Safety culture and compliance.

Risk & Assurance Committee

Item for CONFIRMATION

Report	Confirmation of Minutes
Meeting Date	30 April 2020
Item Number	1
Prepared By	Karen Piercy – Corporate Services Administrator
File Reference	257458

REPORT SUMMARY

Attached are the unconfirmed minutes of the Council's Risk & Assurance Committee meeting held 19 March 2020.

RECOMMENDATION

1. **That the Risk & Assurance Committee confirms as a true and correct record the minutes of the Risk & Assurance Committee held 19 March 2020.**

Risk & Assurance Committee

Minutes of the meeting of Risk & Assurance Committee held in the Council Chambers, 1 Rosebank Terrace, Balclutha on Thursday 19 March 2020, commencing at 10.33 am.

Present	Stephen Halliwell (Chairperson), His Worship the Mayor Bryan Cadogan, Councillors, Stewart Cowie, Bruce Graham, Michele Kennedy, Alison Ludemann, Ken Payne and Bruce Vollweiler.
In Attendance	Steve Hill (Chief Executive), John Scott (Group Manager Corporate Services), Councillors Jo-Anne Thomson, Wayne Felts, Gaynor Finch and Carol Sutherland, Christina Johnston (Risk Management Support Officer) and Karen Piercy (Corporate Services Administrator).
Apologies	Councillor John Herbert

Moved Mayor Cadogan/Councillor Payne and Resolved:

"That the apology be sustained."

DECLARATIONS OF INTEREST

There were no declarations of interest.

URGENT BUSINESS

There was no urgent business.

PUBLIC FORUM

There was no public forum.

1. CONFIRMATION OF MINUTES

The minutes of a meeting of the Risk & Assurance Committee held on 27 November 2019.

Moved Councillors Payne/Vollweiler/and Resolved:

"That the Risk & Assurance Committee confirms as a true and correct record the minutes of the Risk & Assurance Committee held 27 November 2019.

2. HEALTH & SAFETY UPDATE REPORT

The Risk Management Support Officer submitted a summary of the activities in Health and Safety to meet the requirements of the Health and Safety at Work Act 2015 and ensure workers go home safe and well every day.

An overview of the Covid19 response was provided (discussion on this was withheld to the similar item in the Organisation Risk Management Report).

In response to a question on a minor incident reported, the Risk Management Support Officer advised that staff and contractors are being encouraged to 'over report' incidents.

2.1 Fencing of sewerage ponds.

Staff implemented a process of evaluating sites and assessing risks started soon after the Gore incident. Reports of gates being left open where they are required to be closed is concerning and will be investigated. Only authorised staff are allowed on these sites, other staff and visitors are required to get approval and will be supervised.

Moved Councillors Kennedy/Cowie and Resolved:

"That the Risk & Assurance Committee receives the Health & Safety Update Report."

3. INVESTMENT PORTFOLIO COMPLIANCE & MONITORING REPORT (Was Public Excluded Item 1)

Moved Councillors Cowie/Vollweiler and Resolved:

"That the Risk & Assurance Committee resolves that the item 'Investment Portfolio Compliance & Monitoring Report' be moved out of Public Excluded, except for the JP Morgan report which will remain in public excluded on the grounds contained in Appendix 1 of the Clutha District Council's Standing Orders under Sections A2 (b) (ii), and A2(h)."

The Group Manager Corporate Services presented a report on the monthly returns and compliance with agreed portfolio allocations for the months of April 2019 to February 2020. An email from Ben Trollip of Melville Jessop Weaver (MJW) was tabled clarifying points raised in the report. MJW are Council's independent advisor on Council's Nikko investment funds. The Chief executive tabled a spreadsheet reflecting the position of the fund since inception but excluding rate dividends to reflect the growth to date.

Ben Trollip then teleconferenced into the meeting to further explain the report and to answer questions. He made the following points:

- There is quite a lot of volatility in markets particularly equity markets. Day to day volatility is high.
- Overall markets are substantially down from their peak.
- Since 19 February markets have fallen – triggered by outbreak of Covid-19 impacting medical costs and the global economy.
- In tandem OPEC (Saudi Arabia) has picked a cash war against Russia and the price of oil has fallen which has impacted the economics of some businesses in USA.
- The first quarter of the year was overall down 18% (domestic market).

- The global market is down 20%.
- Bonds are up 1%.
- Quarter to date lost 8.4% in value.
- Year to the end of February Council's Nikko fund is still up 2-3% despite February falls.
- Approaching levels of GFC (Global Financial Crisis), which took 3 -5 years to recover from last time.
- There are no concerns with liquidity of the fund.
- There is significantly less risk in bonds.

Councillor Finch left the meeting at 11.15am.

Councillor Felts left the meeting at 11.17am and returned 11.19am

Councillor Finch returned at 11.22am

- Some organisations are selling bonds to buy equities to balance long term strategic asset allocation.
- In the short-term changing the long-term strategy is not recommended. When things have settled down this will need to be re-evaluated.
- 100% of clients are still invested as per their long-term objective.
- The medium to long term dividends will be better.

There was a discussion on whether cashing up the fund would result in approximately a 3% return for the year. Council could then jump back into the fund when things picked up. Mr Trollip advised that those that have used this strategy get it wrong as often as they get it right. Part of getting it right is you have to get back into the market at the moment the market turns. In the GFC while it took funds three to five years to fully recover the biggest part of the recovery occurred in the initial bounce-back.

Mr Trollip explained the change in the JP Morgan Multi Strategy fund (7% of the Nikko portfolio) and the recommendation to change to the more liquid Multi-Manager Alternatives Fund.

Moved Councillors Vollweiler/Kennedy and Resolved:

1. ***"That the Risk & Assurance Committee receives the Investment Portfolio Compliance and Monitoring Report.***

2. ***That the Risk & Assurance Committee recommends to Council that it remains invested as the Nikko fund converts from a Multi-Strategy Fund (MSF) to a Multi-Manager Alternatives Fund (MMAF)."***

4. ORGANISATIONAL RISK MANAGEMENT REPORT (Item 3 in the agenda running order)

The Risk Management Support Officer provided an update of the progress of the implementation of the Risk Management Framework, specifically the risk management process.

An update on the flood was provided. The Group Manager Corporate Services tabled a letter from the Otago Regional Council on the Hospital Creek retention embankment, advising that they would not be taking responsibility for any repairs as they believed it to be a Council asset.

Councillor Vollweiler left the meeting at 11.54am and returned at 11.57am.

Staff are working with ORC on modelling on future flooding so that it is known when to evacuate.

4.1 Covid-19 Risk Assessment

The Chief Executive reported that this was a very quickly changing environment. He noted that staff and elected members were kept up to date with regular emails. A risk assessment to identify critical risks and mitigation strategies was included in the report.

There is a merging of roles between Civil Defence and Council around managing the pandemic.

The Pandemic Plan lists the essential services including water and wastewater. There is a plan in place to ensure the continuation of water supply. At present there are no issues with the supply of chemicals for treatment in the plants.

4.1.1 Covid-19 and Leadership

Leadership is included in the Working from Home Strategy, which includes the Mayor, Deputy Mayor and all members of the Senior Leadership team.

Moved Councillors Kennedy/Cowie and Resolved:

"That the Risk & Assurance Committee receives the Organisational Risk Management report."

The Risk Management Support Officer left the meeting at 12.17 am.

5. DELOITTE AUDIT PROPOSAL LETTER REPORT (Item 4 in the agenda running order)

The Group Manager Corporate Services submitted an Audit Proposal letter and Audit Engagement Letter advising that the Auditor General intends to appoint Heidi Rautjoki of Deloitte to carry out audits for the Clutha District Council for the next three years with agreed audit fees.

Moved Councillors Vollweiler/Payne and Resolved:

1. "That the Audit & Risk Committee receive the Deloitte Audit Proposal Letter Report"

2. ***"That the Audit & Risk Committee refers to Council for decision the Audit Proposal and Audit Engagement Letters to conduct the audit of the Clutha District Council on behalf of the Auditor General for the 2020, 2021 and 2022 financial years. The Mayor and Chief Executive can sign on the Council's behalf."***

6. MAJOR PROJECTS REPORT (Item 5 in the agenda running order)

The Group Manager Corporate Services presented the Major projects report which contained a commentary on the status of Category A Projects and a risk assessment on these projects.

Plantation Heights is being monitored as it is still a category A project.

Councillor Thomson left the meeting at 12.29pm.

Moved Councillors Payne/Cowie and Resolved:

"That the Risk & Assurance Committee Receives the Major Projects Report."

7. REVIEW OF THE POLICY ON TREASURY MANAGEMENT REPORT (Item 6 in the agenda running order)

The Group Manager Corporate Services presented the Review of the Treasury Management Policy report. The policy has been technically reviewed in consultation with the Risk & Assurance Committee Chair and Bancorp Advisor, Miles O'Connor. The previous single policy is now split into two; Treasury Management Policy (8A) and Investment and Liability Management Policy (8B).

Councillor Finch left the meeting at 12.33pm

Moved Councillors Vollweiler/Kennedy and Resolved:

1. ***"That the Risk & Assurance Committee receives the Review of the Policy on Treasury Management report.***
2. ***That the Risk & Assurance Committee recommends to Council that the changes made to the Treasury Management Policy (8A) and Investment and Liability Management Policy (8B) be approved. "***

Councillor Thomson returned to the meeting at 12.34pm

8. MANAGEMENT ACCOUNTS REPORT (Item 7 in the agenda running order)

The Finance Manager submitted the Management Accounts for the period July 2019 to January 2020 are submitted for the Committee's information.

The Chief Executive left the meeting at 12.35pm.

There are no figures available for the flood yet.

Councillor Finch returned to the meeting at 12.36pm.

Moved Councillors Ludemann/Vollweiler and Resolved:

"That the Risk & Assurance Committee receives the Management Accounts report."

9. RISK & ASSURANCE COMMITTEE WORK PROGRAMME (item 8 in the agenda running order)

The Group Manager Corporate Services presented the Risk & Assurance Work Programme report.

Moved Councillors Cowie/Ludemann and Resolved:

"That the Risk & Assurance Committee receives the Risk & Assurance Committee Work Programme report."

10. REASONS TO MOVE TO PUBLIC EXCLUDED SESSION (Item 9 in the agenda running order)

The Corporate Services Administrator presented a report requesting that the Audit & Risk Committee move into Public Excluded session for the following reasons:

1. Confirmation of the Public Excluded Minutes of the meeting held 27 November 2019.

Moved Councillors Vollweiler/Ludemann and Resolved:

"That the Risk & Assurance Committee resolves to exclude the public on the grounds contained in Appendix A of the Clutha District Council's Standing Orders under Sections A2 (b) (ii) and A2 (d) (i)."

The meeting moved into Public Excluded session at 12.39 pm.

The meeting moved back into Public session at 12.39 pm.

The meeting closed at 12.40 pm.

Read and Confirmed

Stephen Halliwell
CHAIRPERSON

Risk & Assurance Committee

Item for INFORMATION

Report	Health and Safety, Risk and Major Projects Report
Meeting Date	30 April 2020
Item Number	2
Prepared By	Christina Johnston – Risk Management Support Officer
File Reference	257472

REPORT SUMMARY

This report contains a commentary as an attachment on the status of Category A Projects and a risk assessment on these projects.

Included is a brief update on Health and Safety and Risk.

UPDATES

Health and Safety

One event reported during the Level 4 lockdown involving a Contractor entering a site and working without authorisation. Investigation pending.

Staff provided with and expected to follow COVID-19 protocols. A cleaning regime has continued throughout this time in the Head Office.

Staff working from home have been provided with an "Ergonomic Checklist" to help with a home workstation set up and minimise any pain or discomfort.

Isolation, stress and workload has been a high concern during this time. Wellbeing messaging delivered to staff with HR closely monitoring and following up with any arising issues by way of phone calls and the implementation of a staff buddy system.

Rostering system in place to 'share the load' for any Civil Defence related work. Function Managers working on succession planning as we move down the Alert Levels and start applying more focus on BAU (Business as Usual).

Risk

No changes to the Risk Profile.

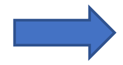
RECOMMENDATIONS

1. **That the Risk & Assurance Committee receives the Major Projects Report.**

Category A Projects - Risk Register									
Risk Description	*Rating at 10/03/20*			*Rating at 21/04/20*			*Treatment Category (Reduce, Accept, Transfer)*	*Treatment - Mitigation Strategies*	*Movement*
	Likelihood	*Consequence*	*Residual Risk*	*Likelihood*	*Consequence*	*Residual Risk*			
1.Plantation Heights									
Risk of not being able to sell properties				Unlikely	Moderate	**Medium**	Accept	Demand for remaining Lots is high, no treatment needed	NEW
2. Rosebank Industrial Park									
Risk of contamination	Unlikely	Moderate	**Medium**	Unlikely	Moderate	**Medium**	Reduce	Subdivision and Stormwater Consents have reduced risk of new contamination	
ORC Consent risk - ORC are requiring us to get approval from the landowner before we can get a consent issued. Holding up Titles.	Possible	Moderate	**High**	Possible	Moderate	**High**	Reduce	Still working with landowner on an agreed solution (met 26 Feb – Covid-19 has slowed this process)	
3.Digitisation Project - Property Files Back scanning									
Cost will come in higher than budget.	Possible	Major	**High**	Possible	Major	**High**	Accept/Reduce	Request for additional funding through LTP once more detailed information is gained through RFP. Looking to see what components we can fix price through agreement of specifications. Likelihood decreased to Possible after initial discussions and kick-off meeting with vendor. Progress made on contract, but likelihood remains the same.	
Impact on staff to handle the additional project activities	Possible	Major	**High**	Possible	Major	**High**	Reduce	Chosen vendor presented most complete service solution to limit impact on staff. For instance, file preparation etc will be handled by vendor instead of CDC staff. Likelihood decreased to Possible after initial discussions and kick-off meeting with vendor. Adding more effort to Vendor but with more cost to budget.	
Project impacting on council customer delivery around regulatory activities	Possible	Moderate	**High**	Possible	Moderate	**High**	Reduce	Communication planning has been implemented as a key deliverable in project that will reduce the impact. Information received from vendor has de-risk the likelihood due to presentation of a tested and proven process and system.	
Vendor not delivering on time and quality	Unlikely	Moderate	**Medium**	Unlikely	Moderate	**Medium**	Reduce	Information received from vendor has de-risk the likelihood due to presentation of a tested and proven process and system. Quality checks and systems used are proven and tested. Also considering insurance cover.	
Smart solution and integration to M-Files not achieving desired outcome	Unlikely	Moderate	**Medium**	Unlikely	Moderate	**Medium**	Reduce	Required metadata and integration needs to be tested and passed in pilot phase before initiating the rest of the project. Pending testing of solution.	
Loss of information during the transportation and digitisation process	Rare	Major	**Medium**	Rare	Major	**Medium**	Reduce	Information received from vendor has de-risk the likelihood due to presentation of a tested and proven process and system. Quality checks and systems and process used are proven and tested.	
Supporting new digital processes, solutions and equipment not facilitating easier and faster processing	Unlikely	Moderate	**Medium**	Unlikely	Moderate	**Medium**	Reduce	Project planning and management needs to cater for these additional deliverables to be tested and implemented. Likelihood stays the same until process reviews has been done and tested.	

Category A Projects - Risk Register									
Risk Description	*Rating at 10/03/20*			*Rating at 21/04/20*			*Treatment Category (Reduce, Accept, Transfer)*	*Treatment - Mitigation Strategies*	*Movement*
	Likelihood	*Consequence*	*Residual Risk*	*Likelihood*	*Consequence*	*Residual Risk*			
4.Naish Park Centennial Park Project									
Financial risk - always an underlying risk that the project will require additional ratepayer funding	Unlikely	Moderate	**Medium**	Unlikely	Moderate	**Medium**	Reduce	Design work approved. Staged approach to complete work. Council has demonstrated how funding is set. Initial construction	→
5.Urban Seal Extensions									
Cost will come in higher than budget	Almost Certain	Moderate	**High**	Almost Certain	Moderate	**High**	Accept	Scope of Work changed. Costs have come in from two tenders at nearly double the initial estimates. Council has provided direction and any contract work not already awarded will be deferred to try to get these as assisted roading projects	↑
Limited Roading Contractors - not many to pick from resulting in less competitive bids "quotations"	Unlikely	Minor	**Low**	Unlikely	Minor	**Low**	Accept	Received multiple Tenders – issue is price rather than tenderer availability	↓
Services requiring replacement will not occur prior to works	Unlikely	Minor	**Low**	Unlikely	Minor	**Low**	Accept	Work close to completion, not an issue	↓
Covid-19 will delay project				Likely	Moderate	**High**	Accept	1st stage Work forced into the winter will delay sealing, 2nd stage delayed due to funding	**NEW**
6. 322 Replacement of bridges Hina Hina									
Cost will come in higher than budget	Possible	Moderate	**High**	Possible	Moderate	**High**	Reduce	Budget for project set. Final costs depend on Contractor pricing and who will tender. Options to redesign Scope if Budget exceeded. COVID19 construction demand may impact this project	→
Limited Specialist Roading Contractors - not many to pick from resulting in less competitive bids "quotations"	Possible	Moderate	**High**	Possible	Moderate	**High**	Reduce	Option to redesign scope to attract other Contractors	→
Covid- 19 will delay project				Likely	Moderate	**High**	Accept	1st stage Work forced into the winter will delay sealing, 2nd stage delayed due to funding	**NEW**
7. Balclutha Memorial Hall Project									
Ongoing operation costs requiring additional funding	Possible	Moderate	High	Possible	Moderate	High	Reduce	Proposals being reviewed In the Detailed project stage	→
Costs will come in higher than budget	Possible	Moderate	**High**	Possible	Moderate	**High**	Reduce	Group have confirmed preferred contractor. Further work such as Geotech has reduced design risk, however final price will be able to be negotiated depending on features	→
Public won't support project	Unlikely	Moderate	Medium	Unlikely	Moderate	Medium	Reduce	Good consultation material provided Options and costs explained 20th Feb	→

Category A Projects - Risk Register									
Risk Description	***Rating at 10/03/20***			***Rating at 21/04/20***			***Treatment Category (Reduce, Accept, Transfer)***	***Treatment - Mitigation Strategies***	***Movement***
	Likelihood	***Consequence***	***Residual Risk***	***Likelihood***	***Consequence***	***Residual Risk***			
Unable to secure funds	Possible	Moderate	**High**	Possible	Moderate	**High**	Reduce	Loan funding on the Trust – the group has also applied to the Crown Infrastructure Partners for post-COVID19 funding to get this project underway	
8. Balclutha Destination Toilets									
Location and design of facility requires review and rework from adjoining property owners and Council	Possible	Minor	**Medium**	Possible	Minor	**Medium**	Accept	New location identified on Clyde Street and property purchased. Initial design of layout is underway. New designs for toilets requested by Councillors.	
Project not completed on time	Possible	Moderate	**High**	Possible	Moderate	**High**	Accept	Completion of this project unlikely in current financial year due to changes in scope and location.	
9. Milton Service Centre/Library/Pool Project									
Engineering and construction risks (unknown geotechnical conditions, parking areas inadequate, resources available)	Possible	Moderate	**High**	Possible	Moderate	**High**	Accept	Project planning and design at high level. Review of project designs and construction methodology (not a complex engineering design). Conduct staged geotechnical investigations and design. Parking along Ajax Street or acquisition of additional properties. Competitive tendering of works. Procurement policy and procedures in place.	
Demolition (unknown hazards, specifically asbestos; HAIL rating of site, impact of demolition, site hazards during and after demolition.)	Likely	Minor	**Medium**	Likely	Minor	**Medium**	Accept	Asbestos and site hazards surveyed. Pricing for removal is underway.	
Project and Financial Risk - Inadequate funding (external funding sources required for 50%), Estimated cost exceeded. Scope and design changes. Loss of service centre and library during demolition and construction. Possible linking of funding sources and contract award for construction.	Likely	Moderate	**High**	Likely	Moderate	**High**	Reduce	Community group continuing procurement process and are awaiting proposals and cost estimates from three consortiums. Extension requested and granted so information is due in early March. Council staff are assisting the group with the evaluation process for moving to the next stage.	
10. Milton Destination Toilets									
Design needs to align with the Milton Main Street Design	Possible	Minor	**Medium**	Possible	Minor	**Medium**	Reduce	Highlighted with Designer and incorporated into streetscape design	
Coordination and Timing Risks (Impact of Milton Street Scape Project, Milton public conveniences, NZTA resurfacing SH1, undergrounding power)	Possible	Minor	**Medium**	Possible	Minor	**Medium**	Reduce	Project planning and design at high level with regular coordination across related projects. Project timing and scheduling linked to related projects.	

Category A Projects - Risk Register									
Risk Description	***Rating at 10/03/20***			***Rating at 21/04/20***			***Treatment Category (Reduce, Accept, Transfer)***	***Treatment - Mitigation Strategies***	***Movement***
	Likelihood	***Consequence***	***Residual Risk***	***Likelihood***	***Consequence***	***Residual Risk***			
Project not completed on time	Possible	Moderate	**High**	Possible	Moderate	**High**	Accept	Completion of this project unlikely in current financial year due to design review and streetscape integration	

Risk & Assurance Committee

Item for INFORMATION

Report	Investment Portfolio Compliance & Monitoring Report
Meeting Date	30 April 2020
Item Number	3
Prepared By	Greg Bowie – Management Accountant
File Reference	258281

REPORT SUMMARY

This report shows the monthly returns and compliance with agreed portfolio allocations for the months of April 2019 to March 2020:

- Returns are between 1.93% and 1.96% compared to a budgeted rate of 5%.
- There have been no breaches to the portfolio allocations.

The main points for noting with respect to this quarter are:

- The March quarter had a significant loss due to the negative effects of COVID-19 on the economy, which was expected.
- Longer-term expectations are for the returns to improve but we are in unchartered territory.

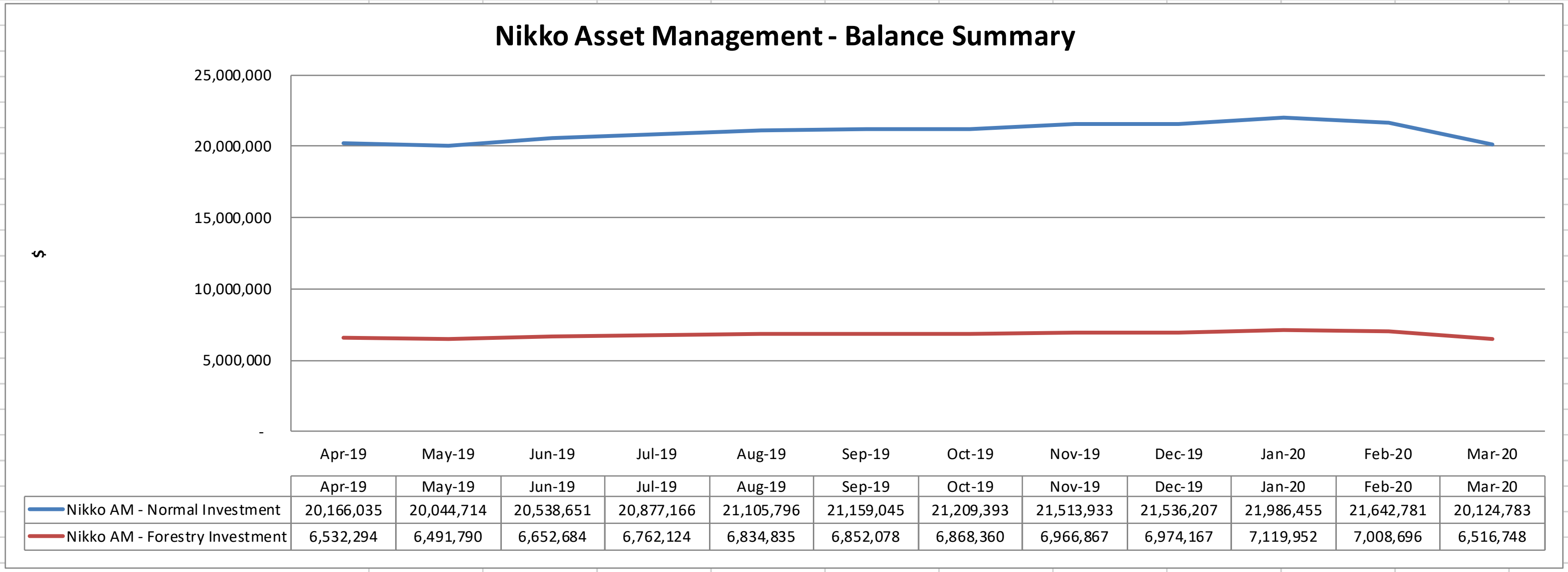
The MJW Investment Survey for March 2020, MJW Investment Outlook and two Nikko reports are attached.

RECOMMENDATION

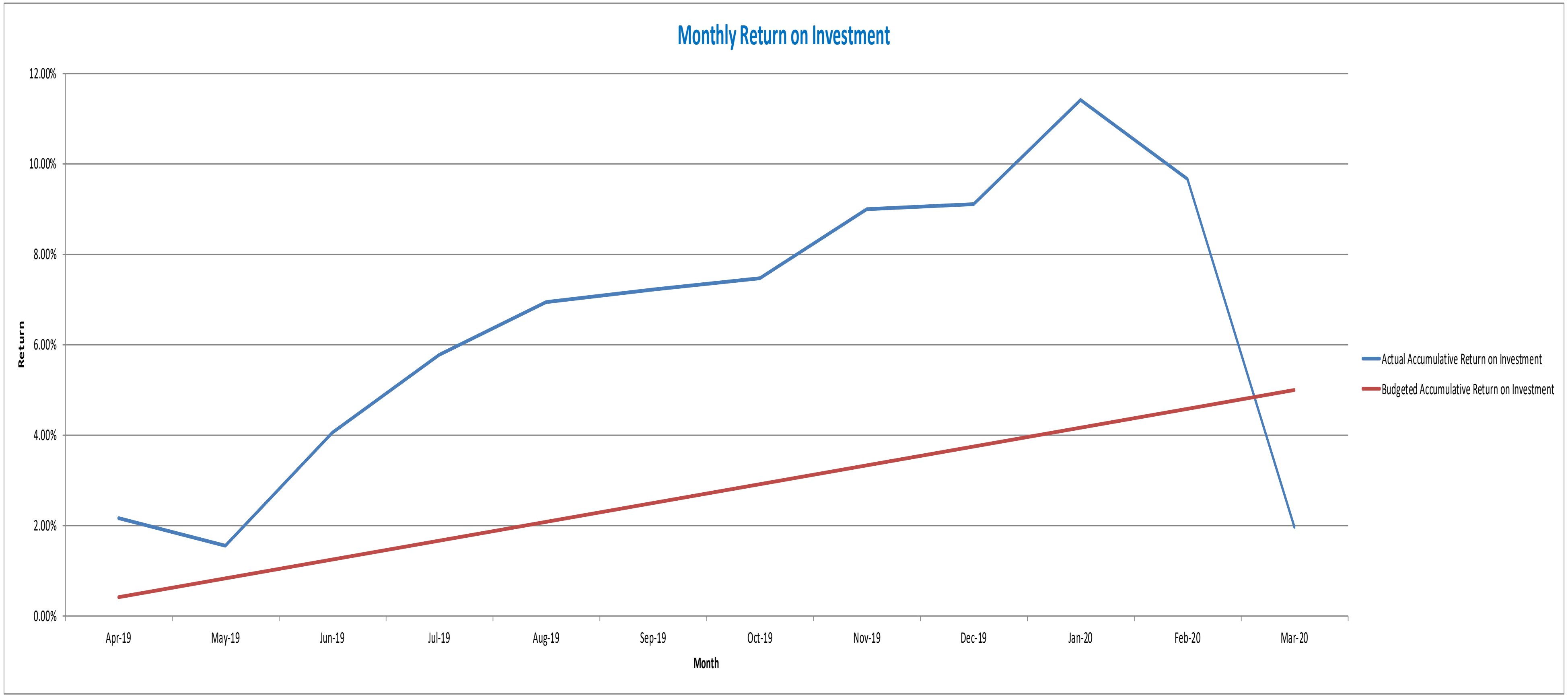
1. **That the Risk & Assurance Committee receives the Investment Portfolio Compliance and Monitoring Report.**

1 Combined Nikko Investment Portfolio - balances are net of capital withdrawals.

	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Nikko AM - Normal Investment	19,737,364	20,166,035	20,044,714	20,538,651	20,877,166	21,105,796	21,159,045	21,209,393	21,513,933	21,536,207	21,986,455	21,642,781	20,124,783
Nikko AM - Forestry Investment	6,393,498	6,532,294	6,491,790	6,652,684	6,762,124	6,834,835	6,852,078	6,868,360	6,966,867	6,974,167	7,119,952	7,008,696	6,516,748
Total	26,130,862	26,698,330	26,536,504	27,191,335	27,639,289	27,940,631	28,011,124	28,077,752	28,480,800	28,510,374	29,106,407	28,651,477	26,641,530
Change each month	476,690	567,467	- 161,825	654,831	447,954	301,342	70,493	66,629	403,048	29,574	596,032	- 454,930	- 2,009,946
Year to date change	1,689,954	567,467	405,642	1,060,473	1,508,427	1,809,769	1,880,261	1,946,890	2,349,938	2,379,512	2,975,544	2,520,614	510,668



2 Normal Nikko Investment Portfolio Return on Investment excluding the impact of capital withdrawals.



3 Checks to see if Nikko Normal Investment Portfolio Allocations are within Council agreed limits

Clutha District Council - Monitoring of Nikko Asset Management's Investment Portfolio

Actual Balances

Actual Balances	Apr-19	%	May-19	%	Jun-19	%	Jul-19	%	Aug-19	%	Sep-19	%
TW0605 - Nikko AM Wholesale NZ Bond Fund	2,938,416	14.57%	2,983,486	14.88%	3,007,242	14.64%	3,036,755	14.55%	2,723,821	12.91%	2,718,231	12.85%
TW0606 - Nikko AM Wholesale NZ Cash Fund	1,415,213	7.02%	1,392,336	6.95%	1,395,512	6.79%	1,370,944	6.57%	1,044,492	4.95%	1,046,273	4.94%
TW0607 - Nikko AM Wholesale Core Equity Fund	2,503,968	12.42%	2,529,872	12.62%	2,588,001	12.60%	2,689,286	12.88%	2,088,381	9.89%	2,118,259	10.01%
TW0610 - Nikko AM Wholesale Global Bond Fund	5,725,074	28.39%	5,791,689	28.89%	5,888,819	28.67%	5,929,939	28.40%	6,729,371	31.88%	6,680,228	31.57%
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,570,000	7.44%	1,571,550	7.43%
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	4,025,285	19.96%	3,900,419	19.46%	3,999,521	19.47%	4,114,726	19.71%	3,800,416	18.01%	3,835,262	18.13%
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	2,267,417	11.24%	2,115,360	10.55%	2,259,625	11.00%	2,295,656	11.00%	2,081,872	9.86%	2,102,150	9.93%
TW0622 - Nikko AM Wholesale Property Fund	1,290,662	6.40%	1,331,552	6.64%	1,399,932	6.82%	1,439,860	6.90%	1,067,443	5.06%	1,087,093	5.14%
Total	**20,166,035**	**100%**	**20,044,714**	**100%**	**20,538,651**	**100%**	**20,877,166**	**100%**	**21,105,796**	**100%**	**21,159,045**	**100%**

Actual Balances	Oct-19	%	Nov-19	%	Dec-19	%	Jan-20	%	Feb-20	%	Mar-20	%
TW0605 - Nikko AM Wholesale NZ Bond Fund	2,704,977	12.75%	2,703,259	12.57%	2,672,528	12.41%	2,717,875	12.36%	2,748,928	12.70%	2,700,573	13.42%
TW0606 - Nikko AM Wholesale NZ Cash Fund	1,019,413	4.81%	1,021,150	4.75%	1,022,989	4.75%	997,028	4.53%	998,540	4.61%	995,610	4.95%
TW0607 - Nikko AM Wholesale Core Equity Fund	2,092,159	9.86%	2,217,199	10.31%	2,224,650	10.33%	2,274,025	10.34%	2,179,893	10.07%	1,901,948	9.45%
TW0610 - Nikko AM Wholesale Global Bond Fund	6,661,180	31.41%	6,687,715	31.09%	6,678,167	31.01%	6,797,381	30.92%	6,857,523	31.69%	6,649,526	33.04%
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	1,559,926	7.35%	1,559,926	7.25%	1,561,379	7.25%	1,595,185	7.26%	1,595,185	7.37%	1,594,895	7.93%
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	3,933,859	18.55%	4,015,297	18.66%	3,939,667	18.29%	4,142,801	18.84%	4,000,910	18.49%	3,656,810	18.17%
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	2,171,878	10.24%	2,239,855	10.41%	2,334,308	10.84%	2,334,510	10.62%	2,164,064	10.00%	1,778,033	8.84%
TW0622 - Nikko AM Wholesale Property Fund	1,066,000	5.03%	1,069,532	4.97%	1,102,520	5.12%	1,127,649	5.13%	1,097,739	5.07%	847,388	4.21%
Total	**21,209,393**	**100%**	**21,513,933**	**100%**	**21,536,207**	**100%**	**21,986,455**	**100%**	**21,642,781**	**100%**	**20,124,783**	**100%**

Standard Investment Allocation

Standard Investment Allocation	Apr-19 $	%	May-19 $	%	Jun-19 $	%	Jul-19 $	%	Aug-19 $	%	Sep-19 $	%
TW0605 - Nikko AM Wholesale NZ Bond Fund	2,924,075	14.50%	2,906,484	14.50%	2,978,104	14.50%	3,027,189	14.50%	2,743,753	13.00%	2,750,676	13.00%
TW0606 - Nikko AM Wholesale NZ Cash Fund	1,512,453	7.50%	1,503,354	7.50%	1,540,399	7.50%	1,565,787	7.50%	1,055,290	5.00%	1,057,952	5.00%
TW0607 - Nikko AM Wholesale Core Equity Fund	2,520,754	12.50%	2,505,589	12.50%	2,567,331	12.50%	2,609,646	12.50%	2,110,580	10.00%	2,115,905	10.00%
TW0610 - Nikko AM Wholesale Global Bond Fund	5,646,490	28.00%	5,612,520	28.00%	5,750,822	28.00%	5,845,606	28.00%	6,753,855	32.00%	6,770,895	32.00%
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,582,935	7.50%	1,586,928	7.50%
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	4,067,489	20.17%	4,043,019	20.17%	4,142,646	20.17%	4,210,924	20.17%	3,716,731	17.61%	3,726,108	17.61%
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	2,284,812	11.33%	2,271,066	11.33%	2,327,029	11.33%	2,365,383	11.33%	2,087,363	9.89%	2,092,630	9.89%
TW0622 - Nikko AM Wholesale Property Fund	1,209,962	6.00%	1,202,683	6.00%	1,232,319	6.00%	1,252,630	6.00%	1,055,290	5.00%	1,057,952	5.00%
Total	**20,166,035**	**100%**	**20,044,714**	**100%**	**20,538,651**	**100%**	**20,877,166**	**100%**	**21,105,796**	**100%**	**21,159,045**	**100%**

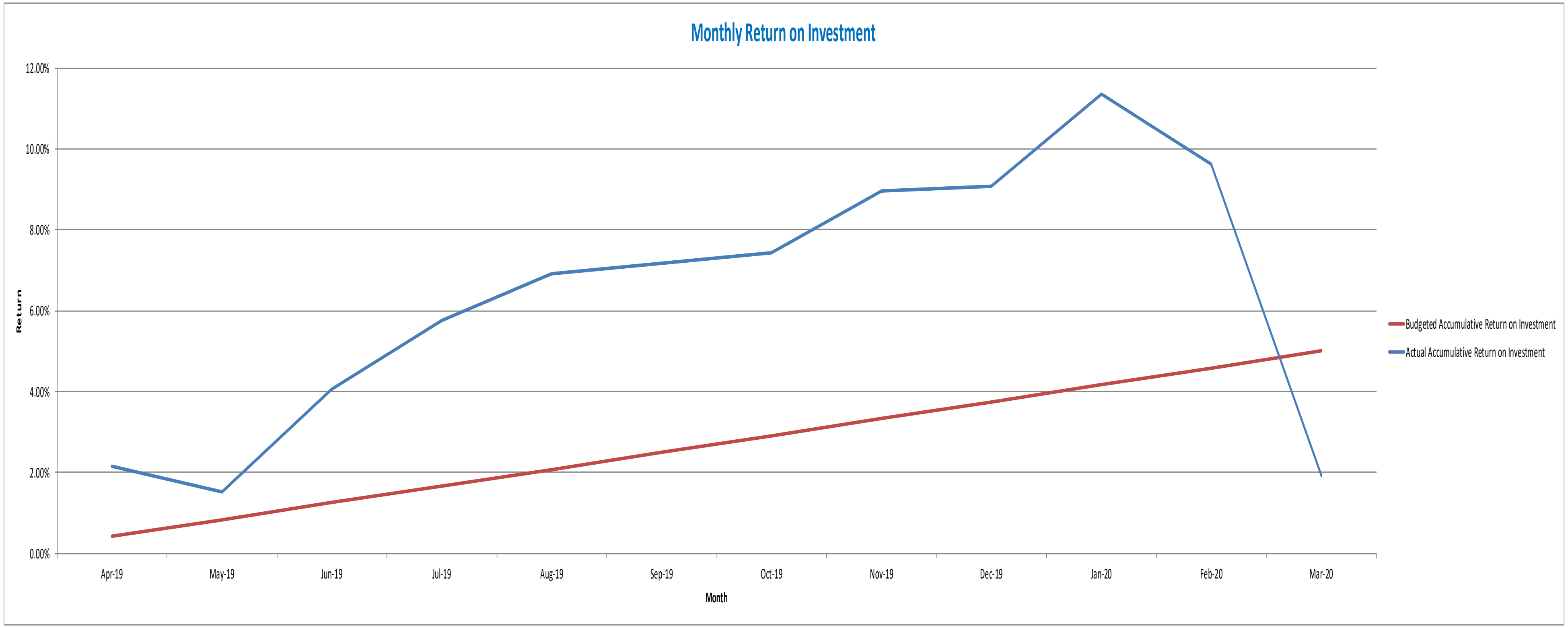
Standard Investment Allocation	Oct-19 $	%	Nov-19 $	%	Dec-19 $	%	Jan-20 $	%	Feb-20 $	%	Mar-20 $	%	Range Limit +/-	
TW0605 - Nikko AM Wholesale NZ Bond Fund	2,757,221	13.00%	2,796,811	13.00%	2,799,707	13.00%	2,858,239	13.00%	2,813,562	13.00%	2,616,222	13.00%	5.00%	-5.00%
TW0606 - Nikko AM Wholesale NZ Cash Fund	1,060,470	5.00%	1,075,697	5.00%	1,076,810	5.00%	1,099,323	5.00%	1,082,139	5.00%	1,006,239	5.00%	5.00%	-5.00%
TW0607 - Nikko AM Wholesale Core Equity Fund	2,120,939	10.00%	2,151,393	10.00%	2,153,621	10.00%	2,198,646	10.00%	2,164,278	10.00%	2,012,478	10.00%	5.00%	-5.00%
TW0610 - Nikko AM Wholesale Global Bond Fund	6,787,006	32.00%	6,884,458	32.00%	6,891,586	32.00%	7,035,666	32.00%	6,925,690	32.00%	6,439,930	32.00%	6.00%	-6.00%
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	1,590,704	7.50%	1,613,545	7.50%	1,615,216	7.50%	1,648,984	7.50%	1,623,209	7.50%	1,509,359	7.50%	5.00%	-5.00%
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	3,734,974	17.61%	3,788,604	17.61%	3,792,526	17.61%	3,871,815	17.61%	3,811,294	17.61%	3,543,974	17.61%	6.00%	-6.00%
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	2,097,609	9.89%	2,127,728	9.89%	2,129,931	9.89%	2,174,460	9.89%	2,140,471	9.89%	1,990,341	9.89%	5.00%	-5.00%
TW0622 - Nikko AM Wholesale Property Fund	1,060,470	5.00%	1,075,697	5.00%	1,076,810	5.00%	1,099,323	5.00%	1,082,139	5.00%	1,006,239	5.00%	4.00%	-4.00%
Total	**21,209,393**	**100%**	**21,513,933**	**100%**	**21,536,207**	**100%**	**21,986,455**	**100%**	**21,642,781**	**100%**	**20,124,783**	**100%**		

Variance

Variance	Apr-19 $	%	May-19 $	%	Jun-19 $	%	Jul-19 $	%	Aug-19 $	%	Sep-19 $	%
TW0605 - Nikko AM Wholesale NZ Bond Fund	14,340	0.07%	77,002	0.38%	29,138	0.14%	9,566	0.05%	- 19,933	-0.09%	- 32,445	-0.15%
TW0606 - Nikko AM Wholesale NZ Cash Fund	- 97,239	-0.48%	- 111,018	-0.55%	- 144,887	-0.71%	- 194,843	-0.93%	- 10,798	-0.05%	- 11,679	-0.06%
TW0607 - Nikko AM Wholesale Core Equity Fund	- 16,787	-0.08%	24,283	0.12%	20,669	0.10%	79,640	0.38%	- 22,198	-0.11%	2,354	0.01%
TW0610 - Nikko AM Wholesale Global Bond Fund	78,584	0.39%	179,169	0.89%	137,996	0.67%	84,332	0.40%	- 24,484	-0.12%	- 90,666	-0.43%
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	-	0.00%	-	0.00%	-	0.00%	-	0.00%	- 12,935	-0.06%	- 15,379	-0.07%
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	- 42,204	-0.21%	- 142,600	-0.71%	- 143,125	-0.70%	- 96,198	-0.46%	83,685	0.40%	109,154	0.52%
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	- 17,394	-0.09%	- 155,706	-0.78%	- 67,404	-0.33%	- 69,727	-0.33%	- 5,491	-0.03%	9,521	0.04%
TW0622 - Nikko AM Wholesale Property Fund	80,700	0.40%	128,870	0.64%	167,613	0.82%	187,230	0.90%	12,153	0.06%	29,140	0.14%

Variance	Oct-19 $	%	Nov-19 $	%	Dec-19 $	%	Jan-20 $	%	Feb-20 $	%	Mar-20 $	%	
TW0605 - Nikko AM Wholesale NZ Bond Fund	- 52,244	-0.25%	- 93,552	-0.43%	- 127,179	-0.59%	- 140,364	-0.64%	- 64,634	-0.30%	84,352	0.42%	Nothing out of range.
TW0606 - Nikko AM Wholesale NZ Cash Fund	- 41,056	-0.19%	- 54,547	-0.25%	- 53,821	-0.25%	- 102,294	-0.47%	- 83,599	-0.39%	- 10,629	-0.05%	
TW0607 - Nikko AM Wholesale Core Equity Fund	- 28,781	-0.14%	65,806	0.31%	71,029	0.33%	75,380	0.34%	15,615	0.07%	- 110,530	-0.55%	
TW0610 - Nikko AM Wholesale Global Bond Fund	- 125,825	-0.59%	- 196,744	-0.91%	- 213,420	-0.99%	- 238,284	-1.08%	- 68,167	-0.31%	209,595	1.04%	
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	- 30,778	-0.15%	- 53,619	-0.25%	- 53,837	-0.25%	- 53,799	-0.24%	- 28,023	-0.13%	85,536	0.43%	
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	198,885	0.94%	226,694	1.05%	147,141	0.68%	270,986	1.23%	189,617	0.88%	112,836	0.56%	
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	74,270	0.35%	112,127	0.52%	204,377	0.95%	160,050	0.73%	23,592	0.11%	- 212,308	-1.05%	
TW0622 - Nikko AM Wholesale Property Fund	5,530	0.03%	- 6,165	-0.03%	25,710	0.12%	28,326	0.13%	15,600	0.07%	- 158,851	-0.79%	

4 Forestry Nikko Investment Portfolio Return on Investment excluding the impact of capital withdrawals



5 Checks to see if Nikko Forestry Investment Portfolio Allocations are within Council agreed limits

Clutha District Council - Monitoring of Nikko Asset Management's Forestry Investment Portfolio

Actual Balances	Apr-19		May-19		Jun-19		Jul-19		Aug-19		Sep-19		Oct-19		Nov-19		Dec-19		Jan-20		Feb-20		Mar-20			
	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%		
TW0605 - Nikko AM Wholesale NZ Bond Fund	945,356	14.47%	959,856	14.79%	967,499	14.54%	976,994	14.45%	882,571	12.91%	880,760	12.85%	876,466	12.76%	875,909	12.57%	865,951	12.42%	880,645	12.37%	890,706	12.71%	875,039	13.43%		
TW0606 - Nikko AM Wholesale NZ Cash Fund	460,750	7.05%	453,346	6.98%	454,380	6.83%	446,430	6.60%	337,584	4.94%	338,160	4.94%	329,458	4.80%	330,019	4.74%	330,614	4.74%	322,204	4.53%	322,693	4.60%	321,746	4.94%		
TW0607 - Nikko AM Wholesale Core Equity Fund	810,766	12.41%	819,154	12.62%	837,975	12.60%	870,771	12.88%	674,240	9.86%	683,886	9.98%	675,460	9.83%	715,829	10.27%	718,235	10.30%	734,176	10.31%	703,785	10.04%	614,050	9.42%		
TW0610 - Nikko AM Wholesale Global Bond Fund	1,853,506	28.37%	1,875,073	28.88%	1,906,518	28.66%	1,919,831	28.39%	2,180,692	31.91%	2,164,767	31.59%	2,158,601	31.43%	2,167,199	31.11%	2,164,105	31.03%	2,202,738	30.94%	2,222,227	31.71%	2,154,824	33.07%		
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	-	0.00%	-	0.00%	-	0.00%	-	0.00%	507,000	7.42%	507,500	7.41%	503,747	7.33%	503,747	7.23%	504,216	7.23%	515,133	7.24%	515,133	7.35%	515,039	7.90%		
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	1,288,539	19.73%	1,248,568	19.23%	1,280,292	19.24%	1,317,170	19.48%	1,230,071	18.00%	1,241,350	18.12%	1,273,263	18.54%	1,299,622	18.65%	1,275,142	18.28%	1,340,890	18.83%	1,294,965	18.48%	1,183,591	18.16%		
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	757,093	11.59%	706,321	10.88%	754,492	11.34%	766,522	11.34%	674,507	9.87%	681,077	9.94%	703,669	10.25%	725,692	10.42%	756,294	10.84%	756,360	10.62%	701,137	10.00%	576,066	8.84%		
TW0622 - Nikko AM Wholesale Property Fund	416,284	6.37%	429,473	6.62%	451,527	6.79%	464,406	6.87%	348,169	5.09%	354,578	5.17%	347,698	5.06%	348,850	5.01%	359,610	5.16%	367,806	5.17%	358,050	5.11%	276,393	4.24%		
Total	**6,532,294**	**100%**	**6,491,790**	**100%**	**6,652,684**	**100%**	**6,762,124**	**100%**	**6,834,835**	**100%**	**6,852,078**	**100%**	**6,868,360**	**100%**	**6,966,867**	**100%**	**6,974,167**	**100%**	**7,119,952**	**100%**	**7,008,696**	**100%**	**6,516,748**	**100%**		
Standard Investment Allocation	Apr-19		May-19		Jun-19		Jul-19		Aug-19		Sep-19		Oct-19		Nov-19		Dec-19		Jan-20		Feb-20		Mar-20		**Range Limit**	
	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	+/-	
TW0605 - Nikko AM Wholesale NZ Bond Fund	947,183	14.50%	941,310	14.50%	964,639	14.50%	980,508	14.50%	888,529	13.00%	890,770	13.00%	892,887	13.00%	905,693	13.00%	906,642	13.00%	925,594	13.00%	911,130	13.00%	847,177	13.00%	5.00%	-5.00%
TW0606 - Nikko AM Wholesale NZ Cash Fund	489,922	7.50%	486,884	7.50%	498,951	7.50%	507,159	7.50%	341,742	5.00%	342,604	5.00%	343,418	5.00%	348,343	5.00%	348,708	5.00%	355,998	5.00%	350,435	5.00%	325,837	5.00%	5.00%	-5.00%
TW0607 - Nikko AM Wholesale Core Equity Fund	816,537	12.50%	811,474	12.50%	831,585	12.50%	845,265	12.50%	683,483	10.00%	685,208	10.00%	686,836	10.00%	696,687	10.00%	697,417	10.00%	711,995	10.00%	700,870	10.00%	651,675	10.00%	5.00%	-5.00%
TW0610 - Nikko AM Wholesale Global Bond Fund	1,829,042	28.00%	1,817,701	28.00%	1,862,751	28.00%	1,893,395	28.00%	2,187,147	32.00%	2,192,665	32.00%	2,197,875	32.00%	2,229,398	32.00%	2,231,734	32.00%	2,278,384	32.00%	2,242,783	32.00%	2,085,359	32.00%	6.00%	-6.00%
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	-	0.00%	-	0.00%	-	0.00%	-	0.00%	512,613	7.50%	513,906	7.50%	515,127	7.50%	522,515	7.50%	523,063	7.50%	533,996	7.50%	525,652	7.50%	488,756	7.50%	5.00%	-5.00%
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	1,317,564	20.17%	1,309,394	20.17%	1,341,846	20.17%	1,363,920	20.17%	1,203,614	17.61%	1,206,651	17.61%	1,209,518	17.61%	1,226,865	17.61%	1,228,151	17.61%	1,253,823	17.61%	1,234,231	17.61%	1,147,599	17.61%	6.00%	-6.00%
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	740,109	11.33%	735,520	11.33%	753,749	11.33%	766,149	11.33%	675,965	9.89%	677,671	9.89%	679,281	9.89%	689,023	9.89%	689,745	9.89%	704,163	9.89%	693,160	9.89%	644,506	9.89%	5.00%	-5.00%
TW0622 - Nikko AM Wholesale Property Fund	391,938	6.00%	389,507	6.00%	399,161	6.00%	405,727	6.00%	341,742	5.00%	342,604	5.00%	343,418	5.00%	348,343	5.00%	348,708	5.00%	355,998	5.00%	350,435	5.00%	325,837	5.00%	4.00%	-4.00%
Total	**6,532,294**	**100%**	**6,491,790**	**100%**	**6,652,684**	**100%**	**6,762,124**	**100%**	**6,834,835**	**100%**	**6,852,078**	**100%**	**6,868,360**	**100%**	**6,966,867**	**100%**	**6,974,167**	**100%**	**7,119,952**	**100%**	**7,008,696**	**100%**	**6,516,748**	**100%**		
Variance	Apr-19		May-19		Jun-19		Jul-19		Aug-19		Sep-19		Oct-19		Nov-19		Dec-19		Jan-20		Feb-20		Mar-20			
	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%		
TW0605 - Nikko AM Wholesale NZ Bond Fund	- 1,827	-0.03%	18,547	0.29%	2,860	0.04%	- 3,514	-0.05%	- 5,957	-0.09%	- 10,010	-0.15%	- 16,421	-0.24%	- 29,784	-0.43%	- 40,690	-0.58%	- 44,949	-0.63%	- 20,424	-0.29%	27,861	0.43%	Nothing out of range.	
TW0606 - Nikko AM Wholesale NZ Cash Fund	- 29,172	-0.45%	- 33,538	-0.52%	- 44,571	-0.67%	- 60,730	-0.90%	- 4,158	-0.06%	- 4,444	-0.06%	- 13,960	-0.20%	- 18,324	-0.26%	- 18,095	-0.26%	- 33,793	-0.47%	- 27,742	-0.40%	- 4,091	-0.06%		
TW0607 - Nikko AM Wholesale Core Equity Fund	- 5,771	-0.09%	7,680	0.12%	6,390	0.10%	25,505	0.38%	- 9,243	-0.14%	- 1,322	-0.02%	- 11,376	-0.17%	19,143	0.27%	20,818	0.30%	22,181	0.31%	2,915	0.04%	- 37,625	-0.58%		
TW0610 - Nikko AM Wholesale Global Bond Fund	24,463	0.37%	57,371	0.88%	43,767	0.66%	26,437	0.39%	- 6,455	-0.09%	- 27,898	-0.41%	- 39,274	-0.57%	- 62,198	-0.89%	- 67,628	-0.97%	- 75,647	-1.06%	- 20,556	-0.29%	69,465	1.07%		
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	-	0.00%	-	0.00%	-	0.00%	-	0.00%	- 5,613	-0.08%	- 6,405	-0.09%	- 11,380	-0.17%	- 18,768	-0.27%	- 18,847	-0.27%	- 18,863	-0.26%	- 10,519	-0.15%	26,283	0.40%		
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	- 29,025	-0.44%	- 60,826	-0.94%	- 61,554	-0.93%	- 46,750	-0.69%	26,457	0.39%	34,699	0.51%	63,744	0.93%	72,756	1.04%	46,991	0.67%	87,067	1.22%	60,734	0.87%	35,992	0.55%		
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	16,984	0.26%	- 29,199	-0.45%	742	0.01%	374	0.01%	- 1,458	-0.02%	3,407	0.05%	24,388	0.36%	36,669	0.53%	66,549	0.95%	52,196	0.73%	7,977	0.11%	- 68,440	-1.05%		
TW0622 - Nikko AM Wholesale Property Fund	24,346	0.37%	39,965	0.62%	52,366	0.79%	58,678	0.87%	6,427	0.09%	11,974	0.17%	4,280	0.06%	506	0.01%	10,901	0.16%	11,808	0.17%	7,615	0.11%	- 49,444	-0.76%		

MELVILLE JESSUP WEAVER
Willis Towers Watson Alliance Partner

9 April 2020

Steve Hill
Chief Executive
Clutha District Council

By email: Steve.Hill@Cluthadc.govt.nz

Copy: John Scott, John.Scott@Cluthadc.govt.nz

Dear Steve,

Clutha District Council – Investment outlook

Background

Following the significant market volatility experienced in the March 2020 quarter, this letter sets out our investment expectations for the short and long-term.

The short-term projections relate to the period of 12 months ending 31 March 2021, and were derived through discussions with the Council's fund manager (Nikko), other investment managers, and our surveillance of investment markets. The long-term assumptions are based on our capital markets model which has an outlook of five to seven years. Details of this model are included in Appendix A.

We caution that uncertainty is heightened at the moment, with the global economy going through an unprecedented level of shutdown. Therefore, it is not possible to have a high degree of confidence in the projections over the short-term. We have sought to provide an unbiased central estimate, however it is likely that actual results over the coming 12 months will be significantly higher or lower.

We have based our projections on the current strategic asset allocation. The Council operates a diversified approach with a mix of shares, property, cash and bonds. The following table shows the Council's position as at 31 March 2020.

	Actual $000s	Actual %	Strategic %	Variance %
Australasian shares	1,902	9.5	10.0	-0.5
Global shares	5,435	27.0	27.5	-0.5
NZ property	847	4.2	5.0	-0.8
Alternative assets	1,595	7.9	7.5	0.4
Growth Assets	**9,779**	**48.6**	**50.0**	**-1.4**
NZ bonds	2,701	13.4	13.0	0.4
Global bonds	6,650	33.0	32.0	1.0
Cash	996	4.9	5.0	-0.1
Income Assets	**10,346**	**51.4**	**50.0**	**1.4**
Total Funds	**20,125**	**100.0**		

The Council is slightly underweight shares and property due to the falls in those markets, but overall is close to its strategic asset allocation.

Short-term outlook

Our short-term projections are shown in the following table. We have sought to show reasonable optimistic and pessimistic scenarios to give a feel for the uncertainty. However, these scenarios are not designed to be all-encapsulating. It is possible that a more extreme result than is illustrated could be realised.

Short-term	Pessimistic Return %	Central Return %	Optimistic Return %
Australasian shares	-17.5	2.6	22.6
Global shares	-16.0	-2.1	24.1
NZ property	-11.8	4.1	13.1
Alternative assets	-3.0	2.2	7.4
NZ bonds	7.1	2.4	-2.3
Global bonds	9.6	3.3	-3.0
Cash	1.9	2.0	2.0
Total (%)	**-2.9**	**1.5**	**8.9**
Total ($000s)	**-576**	**308**	**1,798**

Under our central scenario, we project a return of 1.5% or $308,000.

However, there is a large range around this with a plausible result falling between a loss of $576,000 and a gain of $1,798,000.

Appendix B details our assumptions.

Long-term outlook

Our long-term projections are shown in the following table. We again show a range of results according with the probability distribution within our capital markets model.[1]

Long-term	Pessimistic Return %	Central Return %	Optimistic Return %
Australasian shares	2.4	5.8	11.1
Global shares	4.1	7.5	12.3
NZ property	-1.9	4.0	4.7
Alternative assets	2.8	5.0	7.8
NZ bonds	0.7	1.8	2.9
Global bonds	1.7	2.5	3.4
Cash	0.8	1.0	1.2
Total (%)	**3.1**	**4.5**	**6.3**
Total ($000s)	**617**	**916**	**1,262**

Under our central scenario, we project a return of 4.5% pa, or $916,000 for the current level of assets.

It is important to note that the range of results is narrower since we can have more certainty over the longer term horizon. i.e. it is likely that an unanticipated fall in markets will be followed by a corresponding rise over the period, and vice versa.

[1] We use the 20th and 80th percentiles over a five year horizon.

Remarks and recommendation

While our outlook for the short-term is fairly gloomy, with a low expected return and a chance of a loss, we caution against divesting the portfolio. So called “market-timing” is notoriously hard to get correct. It requires one not only to make the right timing call for when to exit markets but the right call about when to re-enter. We note that markets do not bottom out and rebound on good news, rather they begin to rise as poor news begins to lessen. Not being invested at the time of the initial rise means missing out on positive returns and lowering the overall long-term return achieved.

Therefore, we **recommend** that the Council maintains its approach to be fully invested in a diversified, high quality, portfolio with a view to the results over the medium/long-term. Over the medium/long-term, we can have higher certainty in the likely outcomes and the overall return achieved.

Unfortunately this means that the Council will have to endure short-term periods where the portfolio shows poor or even negative returns. This may well be the case over the coming twelve months. If the Council cannot tolerate this in the short-term, it should consider a lower risk portfolio.

We have investigated this and our analysis suggests that a portfolio of 35% growth assets will show a positive return under our pessimistic scenario modelled above. Such a portfolio could be considered if the Council wanted greater surety it would realise a positive return.

The cost of a move to such a portfolio, in terms of lost return over the long-term, is expected to be approximately 1.0% pa ($200,000 at today’s level of assets).

I look forward to discussing this further with you.

Yours sincerely,

Ben Trollip, FNZSA, FIAA
Principal

Appendix A – Long-term assumptions

Our assumptions are built with regard to the long-term history of various market indices.

In particular, the risk (volatility) and correlation assumptions closely correspond to actual experience over periods of around 25-30 years (depending on data availability/reliability). There is a qualitative overlay where we believe historical results may be misleading. For instance, where market characteristics have materially changed or where historical data is being heavily influenced by "abnormal" events. However, these adjustments have only a relatively small impact on the assumptions adopted.

The return assumptions are also set with regard to actual experience, however there is a greater divergence from realised results and the adopted assumptions. In particular, the return assumptions are built up from a risk-free rate (determined from prevailing government bond yields), and either a term/credit risk premium (for bonds) or an equity risk premium (for equities).

Our assumptions are best thought of as being a central estimate for the outlook over a five-to-seven year investment horizon.

Our assumptions were last updated on 1 April 2020.

Gross return/risk assumptions

	Gross tax & fees	
	Return % pa	Risk % pa
NZ shares	5.84	14.00
Global shares: unhedged	6.95	13.00
Global shares: hedged	7.20	15.00
Emerging markets: unhedged	8.75	20.00
NZ property: listed	3.95	11.00
Alternative assets	5.00	8.00
NZ bonds: government	1.25	3.00
NZ bonds: credit	2.25	4.00
Global bonds: government	1.75	2.50
Global bonds: credit	3.25	3.50
Cash	1.00	0.50

Return figures are geometric averages.

Correlation assumptions

	NZS %	GSU %	GSH %	EMU %	NPL %	AA %	NBG %	NBC %	GBG %	GBC %	Cash %
NZ shares	100										
Global shares: unhedged	43	100									
Global shares: hedged	63	69	100								
Emerging markets: unhedged	53	69	67	100							
NZ property: listed	54	14	36	26	100						
Alternative assets	31	22	52	30	22	100					
NZ bonds: government	-5	-8	-20	-17	5	-19	100				
NZ bonds: credit	4	3	-14	-9	3	-20	85	100			
Global bonds: government	-21	-31	-30	-35	-9	-16	65	50	100		
Global bonds: credit	4	-21	-9	-14	6	20	70	61	60	100	
Cash	-15	6	-8	-8	-9	-4	18	15	27	-2	100

Portfolio modelled

	%
NZ shares	10.0
Global shares: unhedged	11.0
Global shares: hedged	13.8
Emerging markets: unhedged	2.8
NZ property: listed	5.0
Alternative assets	7.5
Total growth assets	***50.0***
NZ bonds: government	6.5
NZ bonds: credit	6.5
Global bonds: government	16.0
Global bonds: credit	16.0
Cash	5.0
Total income assets	***50.0***
Total assets	**100.0**

Appendix B – Short-term assumptions

Our twelve month estimates are based on the following assumptions.

Central scenario

- NZ shares have zero earnings growth and the current dividend rate is halved.
- NZ property sees 0.2% earnings growth and dividends fall by 25%.
- Global shares return the same as NZ equities in local currency terms.
- The NZ dollar rises to 64 US cents by the end of the period.
- Bond and cash interest rates are unchanged over the period.
- The alternative assets' return is midway between shares and bonds, scaled back by 25% for conservatism.
- Manager value added is 1% in shares and 0.5% in bonds.

Pessimistic/optimistic scenario

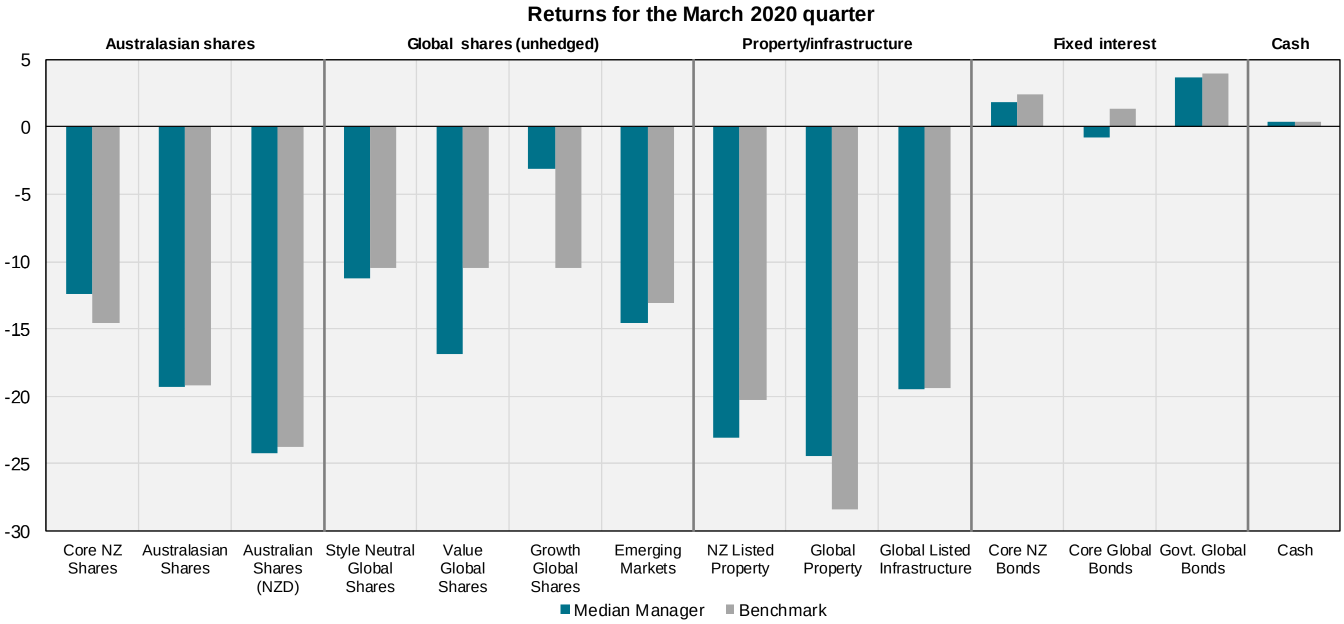
- Shares return 20% less/more than our central scenario.
- The NZ dollar falls/rises 15% from its current level.
- Bond yields fall/rise 1%
- Cash rates fall 0.25%/remain stable.
- Otherwise, as above.

MJW Investment Survey

March 2020

21 April 2020

Market Returns	Quarter %	Year %		Quarter %	Year %
S&P/NZX 50 (including ICs)	-14.5	0.4	Bloomberg NZBond Composite 0+ Yr	2.5	4.7
S&P/ASX 200 - unhedged	-23.8	-15.2	S&P/NZX NZ Government Bond	3.5	5.3
MSCI World - local currency	-20.1	-9.7	Bloomberg Barclays Global Aggregate	1.4	6.0
MSCI World - 100% hedged	-20.0	-9.6	FTSE World Government Bond	4.0	8.5
MSCI World - unhedged	-10.2	3.1	S&P/NZX Bank Bills 90-Day	0.4	1.6
MSCI Emerging Markets - 0% hedged	-13.1	-5.3	NZD / USD	-12.1	-13.1
S&P/NZX All Real Estate (including ICs)	-20.3	-2.9	NZD / AUD	0.9	0.9



March quarter market commentary

As we write this, and as many will read this, we find ourselves in a situation almost unimaginable a mere three months ago. New Zealand, like many countries, has placed its economy in cryostasis as it attempts to thwart an unseen enemy. The near future remains extremely uncertain and there is no shortage of forecasters giving their predictions. Therefore, we focus our commentary on the quarter that was and what it meant for New Zealand investors.

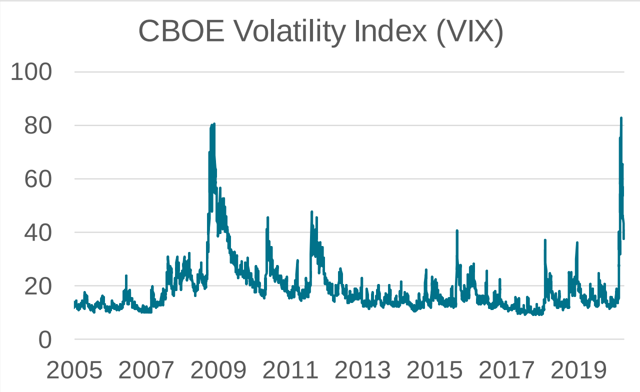
It is easy to forget, since we have seen such a rapid change, that markets began 2020 positively. While the news of a novel coronavirus rapidly spreading in China began to break in western media in January, the S&P 500 index (to take the US equity market as a bellwether) did not peak until 19 February – about halfway through the quarter. Since then, we have witnessed one of the fastest descents into a bear market ever, followed by one of the strongest turnarounds in living memory. From its peak, the S&P 500 fell 32% to its nadir on 20 March, before rebounding to finish the quarter down "only" 20%. It has risen a further 9% in the month of April so far.

We can summarise the progression of news over Covid-19 in three waves that impacted market returns.

- First, the fear at the potential health outcomes from a global pandemic. Markets were relatively sanguine about the virus at first, although interest rates did fall and credit spreads widened.

- Second, as governments around the world ramped up their response to contain the virus and mitigate the impact on their health systems, we saw widespread shutdowns of economies and a slowdown in economic activity not seen since the global financial crisis. This was a trigger for equity markets to "wake up" and led to the first real volatility in markets.
- Third, as investors attempted to raise cash from wherever possible, liquidity conditions worsened. This exacerbated market volatility with almost all assets falling in value. The sell-off was so broad that even "safehavens" such as US Treasuries and gold struggled.

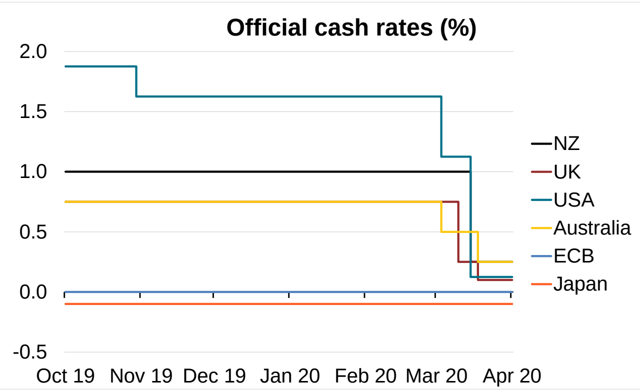
A not insignificant sideshow was the breakdown in relations between OPEC and Russia. This saw the price of oil, which was already sliding due to a weaker growth outlook, take a precipitous tumble. Brent Crude finished the quarter at US$21.50 per barrel, down 66% in three months.



The fiscal and monetary response has been swift. On the monetary side, official interest rates have been slashed to near zero if they weren't there already (see following chart) and quantitative easing programmes have been launched.

The Reserve Bank of New Zealand has pledged to buy $33 billion of Government and Local Government securities, a substantial amount considering that the entire amount of outstanding Government debt sat at $55 billion at the time of the initial announcement.

The US Federal Reserve announced several programmes to ease market liquidity, with the most eye-catching being a pledge to buy an effectively unlimited amount of securities, including corporate high yield debt.



Liquidity conditions have thus eased. However, the world now looks forward to very weak growth in the near term. Estimates are wide-ranging but in New Zealand the Treasury expects a fall in GDP of 4.5% over 2021, with unemployment peaking at 13.5% in its best-case scenario (unless there is additional fiscal support from the Government).

China's growth figures released in April stated negative year-on-year growth for the first time in the modern era, with a fall of 6.8% for the year to March 2020. The contraction over the quarter was a staggering 9.8%.

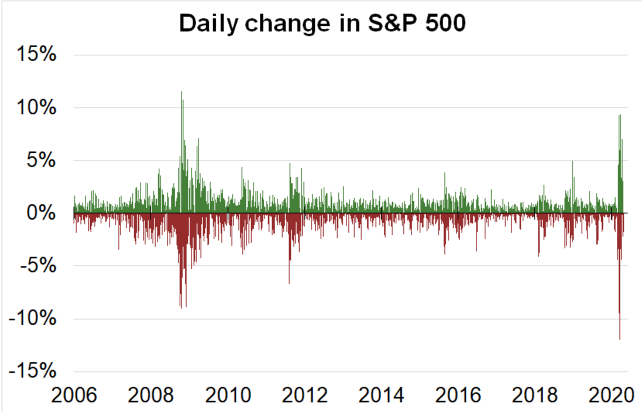
Overall, the International Monetary Fund has predicted that even a short-lived outbreak will drag the world into a 3.0% GDP contraction for the year (although it sees a rebound of 5.8% in 2021). Hardest hit will be Italy (-9.1%) and Spain (-8.0%), although the UK and the USA will see significant contractions (-6.5% and -5.9% respectively).

The IMF predicts emerging markets will do relatively better than developed markets (-1.0% versus -6.1%).

Investment market returns

Markets, of course, are mechanisms for pricing the future. While markets care about the current state of the world, part of the game they play is predicting how securities will fare over the near term. This is why we sometimes see markets go up on bad news ("it wasn't as bad as expected").

With the exceptional uncertainty, it is therefore unsurprising that equity markets gyrated up and down as investors scrambled to decipher what Covid-19 meant for the future. At its worst, the S&P 500 index saw eight consecutive days with movements between 5% and 12% (both positive and negative). These are extremely large movements: 90% of the time, the index moves within a ±1.7% daily band.



Overall, global share markets ended the quarter down 20% in local currency terms. The New Zealand dollar depreciated as it tends to do in times of financial stress. This meant that unhedged investors saw a drop of only 10%. Generally, the value style underperformed with investors preferring quality companies with stronger balance sheets. The median of value funds fell 16.9%. By contrast the growth fund category saw better results with an average fall of only 3.1%.

The New Zealand equity market did better than most, falling 14.5%. Active managers did well, with a median return of -12.4%. This was despite a smattering of Australian market exposures across the group which would have been a headwind. Larger stocks outperformed significantly, with the Smartshares Top 10 fund, for example, only falling 7.5%.

Bond indices produced strong results over the quarter. Unsurprisingly, the global sovereign bond index bested the aggregate index, rising 4.0% compared to the latter's 1.4%. Bond managers, however, struggled to outperform. Since most managers take incrementally more credit risk than their benchmark, the widening of credit spreads heavily impacted their returns.

In the local fixed interest market, managers did better but still generally failed to keep up with market indices. Even some cash funds struggled to post significantly positive results for the quarter.

KiwiSaver took a significant hit this quarter, with every fund we cover presenting a negative return. Results ranged from -13% on average for growth funds to -3% on average for conservative funds. These figures are close to what was experienced during the global financial crisis. However, most savers' balances are significantly larger than they were when KiwiSaver was in its nascency and so the losses in dollar terms will probably be higher.

Wholesale Fund Returns

New Zealand & Australasian Shares		Aus. weight / hedging %	FUM $m	3 months %	Rk	1 year %	Rk	3 years % pa	Rk	5 years % pa	Rk	10 years % pa	Rk	5 years pa Vol.	IR$_1$	Rk
New Zealand																
AMPC	Active$_1$	0/0	448	-11.9	(8)	1.6	(11)	10.8	(15)	11.4	(15)	12.9	(12)	10.7	-0.4	(15)
AMPC	Responsible$_1$	0/0	26	-14.5	(14)	1.1	(13)	11.2	(12)	12.0	(11)	-		11.1	-0.1	(11)
ANZI	Australasian$_1$	6/0	1,110	-12.4	(9)	2.1	(9)	11.9	(8)	11.6	(13)	13.2	(10)	11.5	-0.3	(14)
ANZI	NZ Shares$_1$	0/0	196	-11.6	(6)	3.4	(7)	12.5	(7)	12.2	(10)	13.7	(5)	11.0	0.0	(10)
CPF	Trans-Tasman$_1$	16/95	3	-17.0	(17)	-3.1	(17)	15.1	(2)	15.8	(2)	-		12.4	0.9	(2)
DEV	NZ Core$_1$	11/96	274	-10.4	(3)	6.0	(3)	11.7	(10)	10.4	(17)	13.4	(7)	11.0	-0.6	(17)
FIS	NZ Growth$_1$	0/0	176	-15.4	(15)	4.2	(4)	14.6	(3)	15.1	(3)	16.1	(2)	12.9	0.5	(6)
HAM	Australasian Eq$_1$	17/9	480	-16.0	(16)	-3.0	(16)	9.9	(17)	12.6	(9)	13.2	(9)	12.8	0.1	(9)
MAM	NZ Equities$_1$	6/103	498	-10.5	(4)	**6.5**	**(1)**	**17.1**	**(1)**	**16.8**	**(1)**	**16.6**	**(1)**	11.0	**1.6**	**(1)**
MERCER	Trans-Tasman$_1$	15/56	468	-12.7	(10)	2.2	(8)	11.1	(13)	11.6	(14)	12.9	(11)	11.4	-0.2	(13)
MNT	Trans-Tasman$_2$	8/93	230	**-8.0**	**(1)**	6.5	(2)	14.5	(4)	14.1	(5)	16.1	(3)	9.6	0.5	(5)
NIK	Core$_1$	4/0	393	-14.4	(13)	-0.9	(15)	11.8	(9)	13.0	(7)	13.2	(8)	11.9	0.3	(8)
NIK	SRI$_1$	4/0	60	-11.3	(5)	4.0	(5)	14.4	(5)	14.4	(4)	13.6	(6)	11.0	0.7	(3)
QAM	NZ Equity$_2$	0/0	84	-8.6	(2)	3.5	(6)	13.3	(6)	14.0	(6)	-		9.7	0.6	(4)
RUS	NZ Shares$_1$	1/0	201	-13.9	(12)	0.0	(14)	11.4	(11)	12.7	(8)	-		11.2	0.3	(7)
SALT	Dividend Appreciation$_2$	0/0	79	-13.7	(11)	1.5	(12)	10.2	(16)	11.7	(12)	13.8	(4)	10.9	-0.2	(12)
SALT	NZ Share Plus$_2$	1/100	883	-11.7	(7)	1.9	(10)	10.9	(14)	11.0	(16)	12.8	(13)	11.0	-0.5	(16)
Median				***-12.4***		***2.1***		***11.8***		***12.6***		***13.4***		***11.0***	***0.1***	
Australasian*																
DEV	Dividend Yield$_{2+4}$		27	-26.8	(6)	-18.2	(6)	-0.7	(6)	4.5	(6)	-		13.9		
DEV	Trans-Tasman$_{2+4}$		116	-19.6	(4)	-7.9	(4)	4.7	(4)	6.6	(4)	10.3	(3)	12.4		
FIS	Trans-Tasman		1,202	-16.6	(2)	**1.0**	**(1)**	**11.0**	**(1)**	**11.7**	**(1)**	12.6	(2)	12.5		
HAM	Equity Income		57	-19.1	(3)	-7.2	(3)	3.9	(5)	5.7	(5)	-		11.3		
HAM	Focus$_{2+4}$		79	-22.6	(5)	-10.3	(5)	6.0	(3)	10.9	(3)	-		15.3		
MAM	Trans-Tasman$_{2+4}$		375	**-14.8**	**(1)**	0.0	(2)	10.1	(2)	11.0	(2)	**13.1**	**(1)**	11.8		
Median				***-19.3***		***-7.6***		***5.3***		***8.7***		***12.6***		***12.5***		
Other																
ANZI	ESF		11	-18.0	(4)	-5.5	(5)	2.3	(5)	4.5	(5)	8.8	(2)	11.6		
DEV	Alpha		91	-15.3	(3)	-3.6	(3)	4.2	(4)	4.6	(4)	-		10.9		
MAM	Dynamic (small cap)		229	-22.4	(5)	-4.5	(4)	6.1	(2)	6.8	(3)	-		14.1		
NIK	Concentrated		89	-12.5	(2)	-1.1	(2)	**8.5**	**(1)**	**11.5**	**(1)**	**11.6**	**(1)**	12.4		
QAM	Altum Fund		58	**-8.8**	**(1)**	**-0.6**	**(1)**	5.0	(3)	7.4	(2)	-		10.5		
Median				***-15.3***		***-3.6***		***5.0***		***6.8***		***10.2***		***11.6***		
Indexed/Smart Beta																
AMPC	Passive		553	-14.6		0.2		11.9		12.1		-		11.5		
HAM	Advanced Beta		219	-20.7		-7.7		7.7		9.5		-		12.2		
SMS	NZ Top 10		117	-7.5		8.9		14.5		13.3		13.3		12.3		
SMS	NZ Top 50		566	-20.0		-6.3		9.4		10.7		-		12.3		
SMS	Dividend		61	-25.5		-17.2		2.0		6.0		-		14.1		
Number of Funds				***33***		***33***		***33***		***33***		***19***				
Upper Quartile				***-11.7***		***2.2***		***11.9***		***12.7***		***13.6***				
Median				***-14.5***		***0.0***		***10.9***		***11.6***		***13.2***				
Lower Quartile				***-18.0***		***-4.5***		***6.1***		***9.5***		***12.9***				
Indices																
S&P/NZX 50 (including ICs)$_1$				-14.5		0.4		11.9		12.2		13.0		11.4		
S&P/NZX 50 (excluding ICs)$_2$				-14.8		-0.5		10.8		10.9		11.6		11.4		
S&P/NZX 50 Portfolio (including ICs)$_3$				-20.1		-6.4		9.4		10.6		12.4		12.5		
S&P/ASX 200 (NZD)$_4$				-23.8		-15.2		-2.4		1.7		2.6		15.7		

Where possible, the subscript numbers show the correspondence between funds and their benchmark indices.
* The funds in this section adopt a variety of hedging positions on the Australian portion of their benchmarks.

Australian Shares		FUM $m	3 months %	Rk	1 year %	Rk	3 years % pa	Rk	5 years % pa	Rk	10 years % pa	Rk	5 years pa Volatility
Active													
AMPC	Australian	208	-23.6	(3)	-15.0	(3)	-2.1	(3)	0.7	(5)	2.5	(2)	15.3
AMPC	Schroder	217	-24.9	(4)	-16.8	(4)	-2.5	(4)	1.4	(3)	-		15.8
ANZI	Australian	716	-30.8	(6)	-22.8	(6)	-8.6	(6)	-3.8	(6)	0.9	(3)	17.9
DEV	Australian	11	-25.9	(5)	-16.9	(5)	-3.3	(5)	2.5	(2)	-		15.7
FIS	Australian	54	**-19.6**	**(1)**	**-4.4**	**(1)**	**5.9**	**(1)**	**6.7**	**(1)**	**7.3**	**(1)**	14.5
QAM	Australian	47	-20.4	(2)	-13.2	(2)	-1.8	(2)	1.0	(4)	-		14.0
Median			***-24.2***		***-15.9***		***-2.3***		***1.2***		***2.5***		***15.5***
Number of Funds			**6**		**6**		**6**		**6**		**3**		
Upper Quartile			**-21.2**		**-13.7**		**-1.9**		**2.2**		**4.9**		
Median			**-24.2**		**-15.9**		**-2.3**		**1.2**		**2.5**		
Lower Quartile			**-25.7**		**-16.8**		**-3.1**		**0.8**		**1.7**		
Indices													
S&P/ASX 200 (NZD)			-23.8		-15.2		-2.4		1.7		2.6		15.7
S&P/ASX 200 (AUD)			-23.1		-14.4		-0.6		1.4		4.9		14.7

Alternatives/Other		FUM $m	3 months %	1 year %	3 years % pa	5 years % pa	10 years % pa	5 years pa Volatility
Commodities								
AMPC		67	-23.1	-22.5	-8.2	-5.9	-	12.3
PFAM		5	-8.0	-5.3	2.2	0.6	0.1	9.1
WEL		n.a.	-9.3	-4.1	0.7	-0.2	-2.0	13.1
Australasian								
AAM		378	-14.9	-1.5	5.6	8.9	12.3	9.7
CPF	Ranger	82	-17.2	-7.8	10.2	11.7	-	11.4
SALT	Long/Short	87	-17.8	-5.0	-1.7	4.9	-	8.8
Global								
ALV	Absolute Return	20	-2.0	0.7	1.3	0.9	3.2	2.9
AMPC	GMAF	145	-7.4	-2.8	1.7	2.9	-	4.5
CPF	5 Oceans	54	-4.4	1.8	5.1	6.5	-	4.1
MAM	Active Growth	1,018	-13.5	-0.9	7.5	8.6	12.8	8.6
MERCER	Natural Resources	93	-12.8	-8.0	2.0	1.3	-	7.6
MERCER	Real Assets	33	-16.2	-9.3	3.5	5.0	8.1	9.1
MERCER	Liquid Alternatives	132	-8.5	-7.5	-2.1	-0.5	-	5.0
MGH		22	-8.2	-2.4	3.9	8.0	8.4	10.8
NIK	Multi-Strategy	54	-3.9	-0.7	1.8	2.3	6.2	3.8
NIK	Option	57	-30.7	-34.9	-10.3	-2.8	2.0	13.9
PFAM	Global Equity	9	-11.8	0.4	3.9	4.7	-	11.7
SLI	Absolute Return	0	-1.6	2.7	2.6	2.1	6.0	4.2
Number of Funds			**18**	**18**	**18**	**18**	**10**	
Upper Quartile			**-7.5**	**-0.8**	**3.9**	**6.1**	**8.3**	
Median			**-10.5**	**-3.5**	**2.1**	**2.6**	**6.1**	
Lower Quartile			**-15.9**	**-7.8**	**0.9**	**0.7**	**2.3**	

Global Shares (unhedged)		Emerging Markets %	3 months %	Rk	1 year %	Rk	3 years % pa	Rk	5 years % pa	Rk	10 years % pa	Rk	5 years pa Vol.	IR$_1$	Rk
Style Neutral															
AMPC	Core Global$_1$	10.3	-11.1	(5)	1.1	(5)	6.9	(6)	8.7	(5)	9.1	(4)	11.2	0.2	(5)
AMPC	Responsible$_2$	10.3	-11.9	(9)	0.4	(8)	6.4	(8)	6.5	(10)	7.6	(8)	12.1	-0.8	(10)
AMPC	Schroders	4.9	-11.7	(7)	-0.1	(10)	4.9	(11)	6.9	(9)	-		11.4	-0.6	(8)
ANZI	Int'l Eq$_2$	0.5	-10.5	(3)	3.6	(2)	9.1	(2)	9.8	(2)	10.3	(2)	12.2	**0.8**	**(1)**
ANZI	MFS	0.5	-10.9	(4)	3.3	(3)	8.6	(3)	9.2	(3)	**10.6**	**(1)**	12.3	0.4	(3)
FIS	International	12.6	-11.9	(8)	0.8	(7)	6.5	(7)	7.3	(8)	6.8	(9)	11.8	-0.6	(9)
KIWI	Quantitative	8.7	-9.9	(2)	-1.3	(11)	6.2	(10)	-		-		-	-	
MERCER	Share Plus$_1$	5.0	-12.3	(10)	0.9	(6)	7.9	(4)	8.9	(4)	8.4	(5)	12.5	0.2	(4)
NIK	Multi-Manager$_2$	1.0	**-6.4**	**(1)**	**8.0**	**(1)**	**10.4**	**(1)**	**10.1**	**(1)**	9.8	(3)	12.3	0.7	(2)
RUS	GOF$_2$	14.0	-12.6	(11)	0.2	(9)	6.4	(9)	7.8	(6)	8.3	(7)	12.6	-0.2	(6)
RUS	ISF	2.5	-11.3	(6)	1.9	(4)	7.2	(5)	7.4	(7)	8.3	(6)	12.8	-0.5	(7)
Median			***-11.3***		***0.9***		***6.9***		***8.2***		***8.4***		***12.2***	***0.0***	
Value															
AB	Value		-15.9	(4)	-5.0	(4)	1.3	(7)	3.7	(7)	5.6	(6)	13.5	-1.2	(9)
AMPC	Orbis		-14.4	(3)	-1.2	(3)	4.0	(3)	7.6	(2)	-		12.9	-0.1	(2)
AMPC	Hexavest		-16.9	(5)	-6.3	(5)	2.4	(4)	6.1	(4)	-		11.4	-0.4	(3)
AMPC	Arrowstreet		**-12.2**	**(1)**	-1.2	(2)	**7.8**	**(1)**	**8.4**	**(1)**	-		12.2	**0.1**	**(1)**
ANZI	LSV		-20.5	(7)	-9.1	(7)	1.4	(6)	4.6	(6)	7.4	(2)	13.9	-0.7	(7)
ART	Value		-19.6	(6)	-8.8	(6)	2.2	(5)	5.8	(5)	**9.5**	**(1)**	14.3	-0.5	(5)
DFA	Value		-22.8	(8)	-13.1	(9)	-0.4	(8)	3.4	(9)	5.7	(5)	14.9	-0.8	(8)
GMO	Equity		-13.6	(2)	**-0.9**	**(1)**	5.1	(2)	6.2	(3)	7.0	(3)	12.3	-0.5	(4)
PZENA	Global Value World		-23.2	(9)	-12.9	(8)	-0.8	(9)	3.5	(8)	5.8	(4)	15.8	-0.7	(6)
Median			***-16.9***		***-6.3***		***2.2***		***5.8***		***6.4***		***13.5***	***-0.5***	
Growth															
AB	Growth Trends ex Aus		-5.1	(10)	10.7	(8)	13.0	(13)	11.1	(11)	9.0	(6)	13.6	0.6	(11)
AMPC	GQG/Vontobel		-1.0	(3)	14.7	(4)	13.6	(11)	13.6	(4)	-		11.3	0.9	(6)
AMPC	Global Companies		**0.8**	**(1)**	16.3	(2)	**23.8**	**(1)**	-		-		-	-	
ANZI	Vontobel		-6.4	(13)	10.3	(9)	13.9	(9)	13.2	(6)	-		11.6	1.1	(2)
ANZI	Franklin		-4.7	(8)	10.0	(10)	13.8	(10)	13.6	(5)	11.3	(4)	14.1	0.9	(7)
ART	Global Opportunities$_2$		-0.6	(2)	**17.9**	**(1)**	15.9	(2)	**15.1**	**(1)**	**15.0**	**(1)**	12.8	**1.2**	**(1)**
FRK	Equity		-5.5	(11)	9.5	(11)	13.5	(12)	12.7	(7)	10.4	(5)	14.1	0.8	(10)
HAM	T Rowe Price		-4.8	(9)	6.6	(13)	14.1	(7)	11.9	(9)	-		12.9	0.9	(8)
KIWI	Thematic		-3.0	(6)	13.0	(5)	14.4	(6)	11.8	(10)	-		12.6	0.9	(9)
MAG	Global		-1.8	(4)	15.4	(3)	15.7	(3)	13.7	(3)	14.5	(2)	12.4	1.1	(3)
MAM	Global Select		-3.1	(7)	11.9	(7)	14.7	(4)	-		-		-	-	
NIK	Global Shares$_2$		-6.2	(12)	8.2	(12)	14.0	(8)	12.1	(8)	-		12.2	1.0	(4)
WEL	Growth		-2.0	(5)	12.4	(6)	14.7	(5)	13.8	(2)	12.6	(3)	14.3	1.0	(5)
Median			***-3.1***		***11.9***		***14.1***		***13.2***		***12.0***		***12.8***	***0.9***	
Passive															
AMPC	NWIN		-9.7		4.2		8.6		8.9		9.1		12.2		
ANZI	Vanguard		-9.4		4.6		9.1		-		-		-		
SMS	Total World		-11.5		1.1		6.8		-		-		-		
VAN	World ex Australia		-9.8		3.8		8.2		8.7		9.0		12.3		
Indices															
MSCI World - 0% hedged$_1$			-10.2		3.1		7.7		8.2		8.5		12.3		
MSCI World - 100% hedged			-20.0		-9.6		2.4		4.8		9.0		13.0		
MSCI ACWI - 0% hedged$_2$			-10.5		2.1		7.2		7.8		7.8		11.9		
MSCI Emerging - 0% hedged			-13.1		-5.3		3.9		4.4		2.5		12.8		

Where possible, the subscript numbers show the correspondence between funds and their benchmark indices.

Global Shares (unhedged)	3 months %	Rk	1 year %	Rk	3 years % pa	Rk	5 years % pa	Rk	10 years % pa	Rk	5 years pa Vol.	IR_1	Rk
Emerging markets													
AMPC	-13.2	(2)	-4.5	(3)	4.5	(4)	4.9	(5)	**4.5**	**(1)**	12.4	0.3	(5)
ART	-15.8	(7)	-6.7	(5)	4.8	(2)	7.4	(2)	2.6	(6)	13.7	0.7	(2)
GMO	-13.5	(3)	-3.0	(2)	3.8	(5)	6.1	(3)	2.7	(5)	13.0	0.5	(3)
MERCER	-13.8	(4)	-5.0	(4)	4.6	(3)	5.9	(4)	3.4	(4)	13.9	0.4	(4)
RUS	-15.8	(6)	-6.9	(7)	2.6	(6)	4.7	(6)	3.6	(3)	13.6	0.1	(6)
SCM	-20.4	(8)	-10.1	(8)	0.1	(8)	1.7	(7)	4.1	(2)	12.6	-0.4	(7)
SMS Indexed	-15.4	(5)	-6.9	(6)	2.1	(7)	-		-		-	-	
VAM	**-7.4**	**(1)**	**2.3**	**(1)**	**10.1**	**(1)**	**11.1**	**(1)**	-		13.3	**1.2**	**(1)**
Median	***-14.6***		***-5.9***		***4.1***		***5.9***		***3.5***		***13.3***		
Other													
MERCER Small Companies	-22.8		-13.9		0.9		3.6		8.4		16.2		
MERCER Low Volatility	-8.2		4.0		6.8		8.7		-		10.6		
PFAM Global Water	-9.4		7.5		9.0		7.0		-		12.2		
Number of Funds	**48**		**48**		**48**		**42**		**30**				
Upper Quartile	**-6.4**		**7.7**		**11.7**		**11.1**		**9.5**				
Median	**-11.3**		**1.1**		**6.9**		**7.8**		**8.3**				
Lower Quartile	**-14.1**		**-4.8**		**4.2**		**6.1**		**5.7**				
Indices													
MSCI World - 0% hedged$_1$	-10.2		3.1		7.7		8.2		8.5		12.3		
MSCI World - 100% hedged	-20.0		-9.6		2.4		4.8		9.0		13.0		
MSCI ACWI - 0% hedged$_2$	-10.5		2.1		7.2		7.8		7.8		11.9		
MSCI Emerging - 0% hedged	-13.1		-5.3		3.9		4.4		2.5		12.8		

Property & Infrastructure		FUM	3 months		1 year		3 years		5 years		10 years		5 years pa		
		$m	%	Rk	%	Rk	% pa	Rk	% pa	Rk	% pa	Rk	Vol.	IR	Rk
Australasian Listed Property															
AMPC	Passive Australasian	132	-25.6	(6)	-15.0	(6)	3.7	(5)	5.7	(6)	-		14.5	0.7	(6)
ANZI	NZ Property Securities	148	-23.0	(3)	-5.6	(3)	7.4	(4)	8.1	(4)	12.4	(2)	13.3	0.9	(4)
ANZI	Trans-Tasman	579	-25.5	(5)	-12.8	(5)	3.7	(6)	6.1	(5)	11.1	(5)	14.5	0.8	(5)
MNT	Trans-Tasman	65	**-21.2**	**(1)**	-4.7	(2)	8.1	(3)	8.1	(2)	11.6	(3)	12.7	0.9	(3)
NIK	NZ Property	47	-23.1	(4)	-6.6	(4)	8.1	(2)	8.1	(3)	11.6	(4)	13.2	0.9	(2)
SALT	NZ Listed	270	-21.3	(2)	**-4.6**	**(1)**	**8.7**	**(1)**	**9.1**	**(1)**	**13.0**	**(1)**	12.2	**1.0**	**(1)**
Median			*-23.1*		*-6.1*		*7.7*		*8.1*		*11.6*		*13.2*	*0.9*	
Australasian Direct Property															
FIS	NZ Property	403	-3.3	(2)	-1.3	(3)	4.7	(3)	7.6	(3)	8.9	(2)	3.8		
MERCER	Trans-Tasman	128	-4.7	(3)	0.1	(2)	7.4	(2)	9.2	(2)	-		4.1		
TRU	NZ Property	228	**-1.8**	**(1)**	**6.3**	**(1)**	**8.8**	**(1)**	**10.2**	**(1)**	**9.2**	**(1)**	3.0		
Median			*-3.3*		*0.1*		*7.4*		*9.2*		*9.0*		*3.8*		
Global Listed Property															
AMPC	100% hedged	143	-22.9	(2)	-16.0	(2)	**1.2**	**(1)**	**1.3**	**(1)**	**9.4**	**(1)**	14.5		
ANZI	100% hedged	862	**-21.0**	**(1)**	**-14.3**	**(1)**	0.7	(2)	1.2	(2)	8.9	(2)	13.8		
MERCER	139% hedged	141	-28.1	(4)	-22.3	(4)	-0.3	(3)	0.2	(3)	-		16.3		
RUS	100% hedged	314	-26.0	(3)	-21.6	(3)	-1.7	(4)	0.0	(4)	-		14.8		
Median			*-24.4*		*-18.8*		*0.2*		*0.7*		*9.1*		*14.6*		
Global Listed Infrastructure															
AMPC	100%/139% hedged	280	-23.0	(4)	-10.2	(3)	2.1	(2)	2.6	(4)	-		13.8		
ANZI	Maple-Brown Abbot 100% hedged	422	-19.5	(3)	-11.5	(4)	-1.1	(5)	-		-		-		
FSI	100% hedged	235	**-18.3**	**(1)**	**-9.4**	**(1)**	**2.5**	**(1)**	**6.0**	**(1)**	-		11.8		
MERCER	139% hedged	239	-19.1	(2)	-9.6	(2)	2.0	(3)	4.3	(2)	-		12.6		
RUS	100% hedged	70	-23.4	(5)	-14.1	(5)	-0.2	(4)	3.0	(3)	**9.6**	**(1)**	12.9		
Median			*-19.5*		*-10.2*		*2.0*		*3.7*		*9.6*		*12.7*		
Other															
FIS	Property & Infrastructure	121	-20.8		-9.2		8.6		9.6		11.0		11.6		
MERCER	Global Unlisted Infrastructure	138	-7.4		0.4		7.9		10.9		-		7.7		
Number of Funds			**20**		**20**		**20**		**19**		**11**				
Upper Quartile			**-18.9**		**-4.6**		**8.0**		**8.6**		**11.6**				
Median			**-21.3**		**-9.5**		**3.7**		**6.1**		**11.0**				
Lower Quartile			**-23.2**		**-14.1**		**1.1**		**2.8**		**9.3**				
Indices															
S&P/NZX All Real Estate (including ICs)			-20.3		-2.9		9.5		8.8		11.6		12.5		
FTSE EPRA Nareit Global Real Estate			-28.4		-24.1		-3.6		-0.3		8.2		15.6		
Dow Jones Brookfield Global Infrastructure			-19.4		-10.9		1.1		2.8		-		12.2		

New Zealand Bonds		Modified Duration years	FUM $m	3 months %	Rk	1 year %	Rk	3 years % pa	Rk	5 years % pa	Rk	10 years % pa	Rk	5 years pa Vol.	IR_1	Rk
Core																
AMPC	AIF F_1	5.1	2,223	2.1	(3)	4.7	(4)	5.6	(4)	5.1	(4)	6.1	(4)	2.5	0.7	(2)
ANZI	NZ Fixed Plus$_2$	5.8	2,093	**2.7**	**(1)**	5.4	(2)	5.6	(3)	5.2	(3)	6.1	(3)	2.7	0.6	(4)
BTAM	Bond Fund$_1$	4.6	1,658	1.9	(4)	4.7	(3)	5.5	(5)	5.0	(7)	5.7	(5)	2.4	0.5	(5)
FIS	NZ Fixed Interest$_1$	4.9	735	2.2	(2)	**5.5**	**(1)**	**6.8**	**(1)**	**5.8**	**(1)**	6.2	(2)	2.7	**1.5**	**(1)**
HAM	Core Fixed$_1$	5.3	461	1.6	(5)	4.0	(6)	5.0	(7)	5.0	(6)	-		2.2	0.3	(7)
NIK	NZ Fixed Interest$_1$	5.2	344	1.1	(6)	4.6	(5)	5.9	(2)	5.4	(2)	**6.5**	**(1)**	2.7	0.7	(3)
RUS	Harbour/WAMCO$_1$	4.8	69	1.0	(7)	3.6	(7)	5.3	(6)	5.1	(5)	-		2.3	0.4	(6)
Median				***1.9***		***4.7***		***5.6***		***5.1***		***6.1***		***2.5***	***0.6***	
Short Duration																
AMPC	Short Duration	2.3	574	**0.9**	**(1)**	**3.3**	**(1)**	**3.8**	**(1)**	**4.1**	**(1)**	**4.7**	**(1)**	0.9		
HAM	Enhanced Cash	0.6	144	0.2	(2)	2.0	(2)	2.5	(2)	2.9	(2)	-		0.4		
Median				***0.5***		***2.6***		***3.2***		***3.5***		***4.7***		***0.6***		
Corporate																
ANZI	High Grade	5.8	1,100	**2.0**	**(1)**	**5.5**	**(1)**	**6.0**	**(1)**	5.6	(2)	6.6	(2)	2.7		
BTAM	Corporate Bonds	3.0	835	0.6	(3)	3.4	(5)	4.3	(5)	4.6	(5)	5.7	(3)	1.4		
HAM	Corporate Bonds$_3$	3.6	424	1.1	(2)	4.2	(3)	5.0	(4)	4.9	(4)	5.6	(4)	1.7		
MAM	Trans-Tasman Corporate	4.3	729	0.3	(4)	4.5	(2)	5.4	(3)	5.2	(3)	-		1.8		
NIK	Inv. Grade Corporate$_3$	4.1	286	0.2	(5)	4.1	(4)	5.7	(2)	**5.6**	**(1)**	**6.7**	**(1)**	2.3		
Median				***0.6***		***4.2***		***5.4***		***5.2***		***6.7***		***2.1***		
Government																
ANZI	Sovereign$_2$	5.8	993	3.4		5.3		5.2		4.7		5.5		2.7		
Number of Funds				**15**		**15**		**15**		**15**		**11**				
Upper Quartile				**2.1**		**5.0**		**5.7**		**5.3**		**6.4**				
Median				**1.1**		**4.5**		**5.4**		**5.1**		**6.1**				
Lower Quartile				**0.7**		**3.8**		**5.0**		**4.8**		**5.6**				
Indices																
Bloomberg NZB Composite 0+ Yr$_1$		4.4		2.5		4.7		5.2		4.8		-		2.2		
S&P/NZX NZ Government Bond$_2$		5.6		3.5		5.3		5.7		4.9		5.5		2.8		
S&P/NZX Corporate A Grade$_3$		3.4		1.3		4.2		5.0		4.9		5.7		1.8		

Where possible, the subscript numbers show the correspondence between funds and their benchmark indices.

Notes:

- Relative outperformance may be due to the different nature of the fund rather than to superior skill. Past performance is no guarantee of future performance.
- Where we consider the funds have reasonably similar mandates, we group the funds and rank the performance. Differences in style and mandates will have an impact on returns.
- KiwiSaver fund returns are shown gross of tax and net of investment fees. All other fund returns are shown gross of tax and investment fees.
- Tracking error is the standard deviation of value added. Information Ratio (IR) is value added divided by tracking error and is therefore a risk-adjusted measure performance.
- Returns having a New Zealand equity or property component are shown inclusive of imputation credits, which are not available to all investors.
- The numbers shown are in some cases gross equivalents of the net returns achieved by the manager. Consequently, for a tax-exempt investor, returns realised may be different from those shown above.
- The index applied to calculate information ratios is not in all cases be the benchmark adopted by the manager for the fund.
- Global share results are on an unhedged basis. In some instances, hedging the currency is integral to the management of the fund and the client will not experience the results shown.
- Russell global infrastructure is a blend of the AUD hedged fund prior to 1 December 2017 and NZD hedged fund post 1 December 2017.
- AMPC Global Companies fund returns prior to December 2018 are from the Australian domiciled vehicle.

Global Bonds		Modified Duration	3 months		1 year		3 years		5 years		10 years		5 years pa		
		years	%	Rk	%	Rk	% pa	Rk	% pa	Rk	% pa	Rk	Vol.	IR$_1$	Rk
Core															
AMPC	AIF Q$_1$	7.0	1.0	(2)	5.8	(2)	4.3	(8)	4.0	(9)	5.6	(7)	2.7	-0.5	(9)
AMPC	Passive (AIF PQ)$_1$	7.1	**1.4**	**(1)**	**5.9**	**(1)**	-		-		-		-	-	
ANZI	PIMCO$_1$	7.3	-0.5	(4)	4.5	(6)	4.3	(6)	4.6	(4)	-		3.1	0.2	(3)
DFA	Core	7.3	-0.9	(8)	4.3	(7)	4.5	(3)	4.6	(3)	-		3.8	0.2	(4)
FIS	PIMCO$_1$	7.3	-1.9	(9)	3.2	(10)	3.8	(9)	4.0	(8)	7.0	(2)	3.2	-0.2	(8)
FIS	Wellington$_1$	7.5	0.6	(3)	4.9	(4)	**4.7**	**(1)**	4.3	(6)	6.1	(6)	2.9	-0.1	(6)
MERCER	Global Aggregate$_1$	5.9	-2.3	(10)	3.2	(9)	4.3	(5)	4.2	(7)	6.8	(4)	3.3	-0.1	(7)
NIK	GSAM$_1$	6.8	-0.8	(7)	5.0	(3)	4.6	(2)	4.7	(2)	6.1	(5)	3.2	0.2	(2)
PIMCO	GIS$_1$	7.5	-0.7	(6)	4.2	(8)	4.4	(4)	**4.7**	**(1)**	**7.6**	**(1)**	3.0	**0.2**	**(1)**
RUS	Global Bond$_1$	8.7	-0.6	(5)	4.5	(5)	4.3	(7)	4.4	(5)	6.9	(3)	3.3	0.0	(5)
Median			***-0.7***		***4.5***		***4.3***		***4.4***		***6.8***		***3.2***	***0.0***	
Government															
AMPC	AMPC/Colchester	7.9	3.7	(2)	8.1	(2)	4.8	(3)	4.2	(3)	-		2.7		
ANZI	Vanguard	7.8	**4.8**	**(1)**	**8.8**	**(1)**	5.4	(2)	4.5	(2)	**5.9**	**(1)**	3.3		
MERCER	Global Sovereign	7.2	0.9	(3)	7.0	(3)	**5.7**	**(1)**	**4.9**	**(1)**	-		3.5		
Median			***3.7***		***8.1***		***5.4***		***4.5***		***5.9***		***3.3***		
Credit															
AMPC	Morgan Stanley	5.8	-5.4	(3)	**1.9**	**(1)**	**3.6**	**(1)**	**3.9**	**(1)**	-		4.9		
ANZI	Vanguard	6.8	-5.0	(2)	1.6	(3)	3.3	(2)	3.7	(2)	-		4.8		
MERCER	Global Credit	5.9	**-4.4**	**(1)**	1.6	(2)	3.2	(3)	3.7	(3)	-		4.1		
Median			***-5.0***		***1.6***		***3.3***		***3.7***		***-***		***4.8***		
Short duration and other															
ALV	Kapstream	1.1	-3.1		0.0		2.4		3.0		4.2		2.1		
AMPC	PIMCO Short Duration	1.4	-0.1		2.3		2.6		3.0		4.4		1.2		
AMPC	Wellington Securitised	3.3	-0.7		2.3		2.9		3.3		-		2.4		
BAM	Global Income	0.4	-8.4		-5.6		1.2		3.5		-		5.1		
BAM	Syndicated Loan	0.8	-13.3		-9.8		-0.3		2.8		-		6.6		
DFA	5 year	2.0	-0.1		1.9		2.5		3.2		4.7		1.5		
FIS	Absolute Return	2.3	0.0		3.7		4.4		4.7		-		1.9		
LMI	Brandywine GOFI$_2$	7.1	-10.3		-5.0		0.4		1.7		-		6.6		
Number of Funds			**24**		**24**		**23**		**23**		**11**				
Upper Quartile			**0.2**		**4.9**		**4.5**		**4.5**		**6.9**				
Median			**-0.7**		**3.4**		**4.3**		**4.0**		**6.1**				
Lower Quartile			**-3.4**		**1.8**		**2.8**		**3.4**		**5.2**				
Indices															
Bloomberg Barclays Global Aggregate$_1$		7.0	1.4		6.0		4.6		4.4		6.0		2.8		
FTSE World Government Bond$_2$		8.6	4.0		8.5		5.5		4.8		6.1		3.3		

Where possible, the subscript numbers show the correspondence between funds and their benchmark indices.

Cash	Duration days	FUM $m	3 months %	Rk	1 year %	Rk	3 years % pa	Rk	5 years % pa	Rk	10 years % pa	Rk	5 years pa Vol.	IR	Rk
AMPC	69	3,686	**0.5**	**(1)**	1.9	(6)	2.3	(6)	2.6	(6)	3.2	(3)	0.2	**10.0**	**(1)**
ANZI	107	4,976	0.5	(2)	2.1	(2)	2.5	(4)	2.7	(4)	3.2	(4)	0.2	6.1	(3)
BTAM	82	1,567	0.4	(4)	2.0	(3)	2.4	(5)	2.7	(5)	3.2	(5)	0.2	5.8	(4)
FIS	62	1,286	0.1	(5)	2.0	(5)	2.7	(2)	3.0	(3)	3.4	(2)	0.3	2.5	(6)
KIWI	65	452	0.4	(3)	**2.4**	**(1)**	**2.9**	**(1)**	**3.2**	**(1)**	-		0.2	7.6	(2)
NIK	88	878	0.0	(6)	2.0	(4)	2.6	(3)	3.0	(2)	**3.6**	**(1)**	0.3	3.1	(5)
Median			***0.4***		***2.0***		***2.5***		***2.8***		***3.2***		***0.2***	***5.9***	
Number of Funds			**6**		**6**		**6**		**6**		**5**				
Upper Quartile			**0.4**		**2.1**		**2.6**		**3.0**		**3.4**				
Median			**0.4**		**2.0**		**2.5**		**2.8**		**3.2**				
Lower Quartile			**0.1**		**2.0**		**2.4**		**2.7**		**3.2**				
Index															
S&P/NZX Bank Bills 90-Day	45		0.4		1.6		1.8		2.2		2.6		0.2		

Diversified	Currency %	Growth AA %	3 months %	Rk	1 year %	Rk	3 years % pa	Rk	5 years % pa	Rk	10 years % pa	Rk	5 years pa Volatility
Balanced													
AMPC SRI	14.3	58.8	-12.0	(7)	-3.9	(7)	3.9	(7)	4.3	(7)	7.3	(7)	7.1
ANZI	22.5	63.8	-11.6	(6)	-2.5	(5)	4.9	(4)	5.8	(5)	8.9	(2)	7.5
ASB	4.9	56.7	-10.8	(4)	-2.4	(4)	4.9	(5)	5.9	(4)	7.6	(5)	6.8
FIS	14.8	52.7	**-7.3**	**(1)**	0.9	(2)	5.8	(2)	6.6	(3)	7.8	(4)	5.2
MAM	12.9	41.4	-9.7	(3)	**1.1**	**(1)**	**6.4**	**(1)**	**7.4**	**(1)**	**10.1**	**(1)**	6.8
MERCER	14.7	53.1	-9.3	(2)	-2.2	(3)	4.3	(6)	5.4	(6)	7.6	(6)	5.7
NIK	14.9	68.6	-11.3	(5)	-3.6	(6)	5.3	(3)	6.7	(2)	8.4	(3)	7.1
Median	***14.7***	***56.7***	***-10.8***		***-2.4***		***4.9***		***5.9***		***7.8***		***6.8***
Income													
AMPC	7.6	53.5	-11.8	(6)	-2.2	(5)	4.1	(5)	5.3	(3)	-		7.0
HAM	-4.6	19.8	-6.8	(3)	-0.4	(4)	4.3	(4)	-		-		-
MAM	1.1	12.3	-8.6	(5)	0.1	(2)	**6.1**	**(1)**	**8.2**	**(1)**	**11.8**	**(1)**	5.6
MNT	1.1	26.6	-5.7	(2)	0.0	(3)	4.3	(3)	5.1	(4)	-		3.6
NIK	0.0	25.5	-8.2	(4)	-7.5	(6)	1.6	(6)	3.6	(5)	5.7	(2)	4.4
QAM	0.0	3.2	**-5.1**	**(1)**	**0.8**	**(1)**	4.4	(2)	5.3	(2)	-		3.1
Median	***0.6***	***22.6***	***-7.5***		***-0.2***		***4.3***		***5.3***		***8.8***		***4.4***
Number of Funds			**13**		**13**		**13**		**12**		**9**		
Upper Quartile			**-7.3**		**0.1**		**5.3**		**6.6**		**8.9**		
Median			**-9.3**		**-2.2**		**4.4**		**5.6**		**7.8**		
Lower Quartile			**-11.3**		**-2.5**		**4.3**		**5.2**		**7.6**		

KiwiSaver Results – Return and Risk (net of investment fees)

Returns and Risk	FUM	Growth BM	3 months		1 year		3 years		5 years		10 years		Risk pa	
	$m	%	%	Rank	%	Rank	% pa	Rank	% pa	Rank	% pa	Rank	5 year	10 year
High Growth														
Booster	340	98.0	**-12.7**	**(1)**	**-2.8**	**(1)**	**4.8**	**(1)**	**5.7**	**(1)**	6.0	(2)	9.1	8.1
Mercer	174	90.0	-15.5	(2)	-6.8	(2)	3.5	(2)	5.3	(2)	**7.7**	**(1)**	9.3	8.0
Average		***94.0***	***-14.1***		***-4.8***		***4.1***		***5.5***		***6.9***		***9.2***	***8.1***
Median		***94.0***	***-14.1***		***-4.8***		***4.1***		***5.5***		***6.9***		***9.2***	***8.1***
Growth														
AMP - Aggressive	287	87.0	-16.5	(12)	-7.0	(12)	3.0	(12)	4.1	(10)	6.7	(8)	10.7	9.8
AMP	659	77.0	-14.6	(9)	-5.6	(9)	3.2	(11)	4.1	(11)	6.4	(9)	9.5	8.6
ANZ	2,724	80.0	-15.3	(10)	-5.8	(10)	3.6	(9)	4.8	(9)	8.4	(2)	9.4	8.2
ASB	2,520	80.0	-15.6	(11)	-6.7	(11)	3.7	(8)	5.5	(6)	7.6	(4)	9.1	7.9
BNZ	580	70.0	**-9.3**	**(1)**	**0.6**	**(1)**	5.9	(3)	6.3	(3)	-		7.9	-
Booster - Bal. Growth	312	75.0	-10.4	(3)	-1.2	(4)	5.2	(4)	5.7	(5)	-		7.6	-
Fisher	1,881	80.0	-11.0	(4)	-1.0	(3)	**6.3**	**(1)**	6.9	(2)	7.8	(3)	8.0	7.4
Fisher Two	470	75.0	-10.4	(2)	-1.0	(2)	5.1	(5)	5.9	(4)	7.4	(5)	7.4	6.9
Kiwi Wealth	1,393	80.0	-11.2	(5)	-2.6	(6)	4.7	(6)	3.7	(12)	7.3	(7)	9.7	9.2
Mercer	108	75.0	-13.0	(6)	-5.3	(8)	3.3	(10)	4.9	(8)	-		7.7	-
Milford - Active Growth	1,369	78.0	-13.1	(7)	-2.1	(5)	6.1	(2)	**7.3**	**(1)**	**10.7**	**(1)**	8.1	6.8
Westpac	1,284	80.0	-13.3	(8)	-4.9	(7)	4.0	(7)	4.9	(7)	7.3	(6)	8.0	6.8
Average		***78.1***	***-12.8***		***-3.6***		***4.5***		***5.4***		***7.7***		***8.6***	***8.0***
Median		***79.0***	***-13.1***		***-3.8***		***4.3***		***5.2***		***7.4***		***8.1***	***7.9***
Balanced														
AMP	895	57.0	-10.6	(7)	-3.0	(7)	3.5	(10)	4.0	(9)	6.1	(9)	7.1	6.4
AMP - Nikko Bal.	70	62.0	-12.9	(10)	-5.2	(10)	3.6	(8)	5.1	(4)	6.9	(4)	8.2	6.8
ANZ - Bal. Growth	1,936	65.0	-11.9	(9)	-3.4	(9)	3.8	(7)	4.7	(6)	7.8	(2)	7.6	6.6
ASB	1,751	60.0	-11.0	(8)	-3.1	(8)	4.2	(5)	5.3	(3)	7.0	(3)	6.8	5.9
Booster	487	55.0	-7.6	(2)	0.0	(2)	4.6	(3)	5.0	(5)	5.7	(10)	5.8	4.9
Fisher Two	823	57.0	-7.6	(3)	**0.4**	**(1)**	**5.2**	**(1)**	5.6	(2)	6.7	(5)	5.6	5.0
Kiwi Wealth	1,589	55.0	**-7.4**	**(1)**	-0.6	(4)	4.3	(4)	3.8	(10)	6.4	(8)	6.1	5.6
Mercer	394	55.0	-9.4	(4)	-2.9	(6)	3.5	(9)	4.5	(8)	6.6	(7)	5.7	5.1
Milford	357	61.0	-10.0	(6)	-0.2	(3)	5.1	(2)	**6.2**	**(1)**	**8.9**	**(1)**	6.7	5.6
Westpac	1,446	60.0	-9.7	(5)	-2.6	(5)	4.0	(6)	4.6	(7)	6.6	(6)	6.2	5.4
Average		***58.7***	***-9.8***		***-2.1***		***4.2***		***4.9***		***6.9***		***6.6***	***5.7***
Median		***58.5***	***-9.9***		***-2.7***		***4.1***		***4.9***		***6.7***		***6.5***	***5.6***
Moderate Balanced														
AMP	673	47.0	-8.6	(3)	-1.9	(3)	3.4	(3)	3.9	(3)	5.7	(2)	5.9	5.4
ANZ - Balanced	2,318	50.0	-8.6	(2)	-1.3	(2)	3.9	(2)	4.4	(2)	**7.1**	**(1)**	5.8	5.1
BNZ - Balanced	440	50.0	**-6.6**	**(1)**	**1.5**	**(1)**	**5.3**	**(1)**	**5.6**	**(1)**	-		5.9	-
Average		***49.0***	***-7.9***		***-0.6***		***4.2***		***4.6***		***6.4***		***5.9***	***5.2***
Median		***50.0***	***-8.6***		***-1.3***		***3.9***		***4.4***		***6.4***		***5.9***	***5.2***
Moderate														
AMP	515	37.0	-6.6	(5)	-0.7	(5)	3.5	(5)	3.7	(6)	5.4	(3)	4.8	4.2
ANZ - Cons. Bal.	1,190	35.0	-5.1	(3)	0.8	(3)	3.9	(4)	4.1	(5)	**6.3**	**(1)**	4.1	3.6
ASB	1,761	40.0	-6.8	(6)	-1.2	(6)	3.9	(3)	4.7	(2)	6.1	(2)	4.7	4.1
BNZ	513	35.0	-4.4	(2)	**2.2**	**(1)**	**4.8**	**(1)**	**4.9**	**(1)**	-		4.4	-
Booster	178	35.0	**-4.0**	**(1)**	1.6	(2)	4.2	(2)	4.3	(3)	5.2	(4)	3.5	3.0
Mercer	141	35.0	-5.5	(4)	-0.4	(4)	3.5	(6)	4.1	(4)	-		3.6	-
Average		***36.2***	***-5.4***		***0.4***		***4.0***		***4.3***		***5.7***		***4.2***	***3.7***
Median		***35.0***	***-5.3***		***0.2***		***3.9***		***4.2***		***5.8***		***4.3***	***3.8***
Conservative														
AMP	397	24.0	-4.2	(11)	0.7	(11)	3.5	(11)	3.6	(12)	5.1	(9)	3.4	2.9
AMP - Default	1,323	20.0	-3.2	(6)	1.2	(9)	3.4	(12)	3.7	(10)	4.7	(10)	2.7	2.4
ANZ	1,092	20.0	**-1.7**	**(1)**	**2.8**	**(1)**	3.9	(7)	3.8	(8)	5.4	(4)	2.7	2.4
ASB	3,944	20.0	-2.7	(4)	1.9	(5)	4.1	(5)	4.4	(3)	5.2	(6)	2.7	2.3
BNZ	801	20.0	-2.0	(2)	2.6	(2)	4.0	(6)	4.1	(6)	-		2.6	-
Fisher	888	27.5	-2.9	(5)	1.9	(4)	4.3	(2)	4.4	(5)	5.5	(2)	2.9	2.5
Fisher Two	154	27.5	-3.3	(7)	1.5	(7)	4.2	(3)	4.5	(2)	**5.6**	**(1)**	2.9	2.6
Fisher Two - Default	677	22.5	-2.5	(3)	2.1	(3)	4.1	(4)	4.4	(4)	5.3	(5)	2.5	2.2
Kiwi Wealth	816	30.0	-3.6	(9)	1.0	(10)	3.7	(8)	3.6	(11)	5.1	(8)	3.0	2.4
Mercer	1,080	20.0	-3.6	(8)	1.2	(8)	3.6	(10)	4.1	(7)	5.4	(3)	2.7	2.4
Milford	217	18.0	-3.9	(10)	1.7	(6)	**4.4**	**(1)**	**5.0**	**(1)**	-		3.3	-
Westpac	2,648	25.0	-4.2	(12)	0.4	(12)	3.6	(9)	3.7	(9)	5.2	(7)	3.1	2.7
Average		***22.9***	***-3.1***		***1.6***		***3.9***		***4.1***		***5.3***		***2.9***	***2.5***
Median		***21.3***	***-3.2***		***1.6***		***3.9***		***4.1***		***5.3***		***2.8***	***2.4***

KiwiSaver Results – Asset Allocation

Asset Allocation	NZ/Aus Shares %	Global Shares %	Property/ Infra %	Alt. Assets %	**Growth Assets %**	NZ Bonds %	Global Bonds %	Alt. Assets %	Cash %	**Income Assets %**
High Growth										
Booster	26.9	57.4	5.6		**89.9**	3.3	2.9		3.9	**10.1**
Mercer	16.2	52.9	7.2	10.9	**87.3**	2.0	5.9	1.5	3.4	**12.7**
Average	***21.6***	***55.1***	***6.4***	***5.5***	***88.6***	***2.6***	***4.4***	***0.8***	***3.7***	***11.4***
Growth										
AMP - Aggressive	24.2	57.2	6.7	2.3	**90.4**	3.0	1.3		5.2	**9.6**
AMP	22.7	49.1	5.0	2.0	**78.7**	6.5	6.7		8.1	**21.3**
ANZ	16.9	49.2	11.9		**77.9**	4.2	7.0		10.9	**22.1**
ASB	33.8	36.9	3.8		**74.5**	10.6	7.4		7.4	**25.5**
BNZ	22.6	47.2			**69.7**	4.6	17.6		8.1	**30.3**
Booster - Bal. Growth	25.0	44.5	6.5		**76.0**	10.0	8.4		5.6	**24.0**
Fisher	29.3	36.3	6.0		**71.6**	11.8	5.1		11.6	**28.4**
Fisher Two	26.6	32.2	8.8		**67.6**	13.9	5.4		13.0	**32.4**
Kiwi Wealth	0.6	76.1	2.3	4.9	**83.8**	5.3	6.7		4.2	**16.2**
Mercer	10.3	43.8	6.8	11.2	**72.1**	4.8	15.3	1.5	6.2	**27.9**
Milford - Active Growth	27.7	24.5	5.4		**57.6**	1.9	14.1		26.4	**42.4**
Westpac	25.2	37.5	9.3	7.7	**79.7**	8.0	9.7		2.6	**20.3**
Average	***22.1***	***44.5***	***6.0***	***2.3***	***75.0***	***7.1***	***8.7***	***0.1***	***9.1***	***25.0***
Balanced										
AMP	15.2	35.1	3.6	1.7	**55.5**	15.8	15.9		12.8	**44.5**
AMP - Nikko Bal.	20.6	25.2	4.4	10.7	**61.0**	20.3	11.1	7.6		**39.0**
ANZ - Bal. Growth	12.9	40.8	10.0		**63.8**	8.8	16.9		10.5	**36.2**
ASB	30.4	25.3	0.8		**56.6**	10.3	23.5		9.6	**43.4**
Booster	17.5	34.3	5.7		**57.5**	14.2	19.7		8.6	**42.5**
Fisher Two	17.2	26.6	7.2		**51.0**	19.5	19.3		10.2	**49.0**
Kiwi Wealth	0.4	52.4	1.6	3.4	**57.7**	15.8	19.7		6.9	**42.3**
Mercer	8.3	28.4	5.5	9.3	**51.6**	10.0	24.3	1.5	12.6	**48.4**
Milford	13.0	24.3	4.7		**42.0**	7.6	15.1		35.4	**58.0**
Westpac	20.2	29.5	4.4	5.2	**59.3**	15.4	21.8		3.5	**40.7**
Average	***15.6***	***32.2***	***4.8***	***3.0***	***55.6***	***13.8***	***18.7***	***0.9***	***11.0***	***44.4***
Moderate Balanced										
AMP	13.5	27.2	3.3	1.4	**45.5**	19.2	18.2		17.2	**54.5**
ANZ - Balanced	10.5	30.2	8.1		**48.8**	11.9	24.9		14.3	**51.2**
BNZ - Balanced	14.9	35.9			**50.8**	9.7	31.6		7.9	**49.2**
Average	***13.0***	***31.1***	***3.8***	***0.5***	***48.4***	***13.6***	***24.9***		***13.1***	***51.6***
Moderate										
AMP	9.8	21.1	2.5	1.4	**34.7**	22.6	21.6		21.2	**65.3**
ANZ - Cons. Bal.	7.2	20.9	6.2		**34.3**	14.4	32.0		19.3	**65.7**
ASB	28.0	7.0	3.4		**38.3**	27.1	20.9		13.7	**61.7**
BNZ	10.2	25.0			**35.2**	12.2	40.1		12.5	**64.8**
Booster	11.8	18.3	4.6		**34.7**	26.8	23.8		14.7	**65.3**
Mercer	5.3	15.8	4.1	6.8	**32.1**	13.1	27.1	1.5	26.3	**67.9**
Average	***12.0***	***18.0***	***3.5***	***1.4***	***34.9***	***19.3***	***27.6***	***0.2***	***17.9***	***65.1***
Conservative										
AMP	5.4	13.9	2.2	1.1	**22.6**	26.3	24.5		26.6	**77.4**
AMP - Default	6.4	11.7			**18.1**	18.3	16.1		47.5	**81.9**
ANZ	4.0	12.0	3.1		**19.1**	17.6	40.2		23.1	**80.9**
ASB	14.7	3.5			**18.2**	22.5	35.6		23.7	**81.8**
BNZ	4.3	14.1			**18.4**	9.4	32.9		39.3	**81.6**
Fisher	6.5	11.4	5.7		**23.5**	33.7	26.5		16.2	**76.5**
Fisher Two	6.8	11.8	5.6		**24.2**	33.6	26.8		15.4	**75.8**
Fisher Two - Default	6.5	10.1	2.7		**19.4**	41.9	18.4		20.3	**80.6**
Kiwi Wealth	0.2	28.6	0.9	1.7	**31.4**	26.3	32.8		9.5	**68.6**
Mercer	3.7	11.6	1.8	2.4	**19.5**	14.6	33.7		32.2	**80.5**
Milford	1.1	4.3	1.7		**7.1**	25.0	33.8		34.1	**92.9**
Westpac	9.2	10.3	3.5	1.4	**24.4**	25.1	31.8		18.7	**75.6**
Average	***5.7***	***12.0***	***2.3***	***0.5***	***20.5***	***24.5***	***29.4***		***25.6***	***79.5***

Fund manager acronyms

AAM	Aspiring Asset Management	**FRK**	Franklin Templeton Investments	**PIMCO**	PIMCO
AB	AllianceBernstein	**FSI**	First State Investments	**PZENA**	PZENA Investment Management
ALV	Alvarium Investments	**GMO**	GMO	**QAM**	QuayStreet Asset Management
AMPC	AMP Capital	**HAM**	Harbour Asset Management	**RUS**	Russell Investment Group
ANZI	ANZ Investments	**KIWI**	Kiwi Investment Management	**SALT**	Salt Funds Management
ART	Artisan Partners	**LMI**	Legg Mason Inc	**SCM**	Somerset Capital Management
ASB	ASB Group Investments	**MAG**	Magellan Asset Management	**SLI**	Standard Life Investments
BAM	Bentham Asset Management	**MAM**	Milford Asset Management	**SMS**	Smartshares
BTAM	BT Funds Management	**MERCER**	Mercer	**TRU**	Trust Management
CPF	Castle Point Funds	**MGH**	MGH Asset Management	**VAN**	Vanguard Investments Australia
DEV	Devon Funds Management	**MNT**	Mint Asset Management	**VAM**	Vontobel Asset Management
DFA	Dimensional Fund Advisors	**NIK**	Nikko Asset Management	**WEL**	Wellington Management Company
FIS	Fisher Funds Management	**PFAM**	Pathfinder Asset Management		

About Melville Jessup Weaver

Melville Jessup Weaver is a New Zealand firm of consulting actuaries. The areas in which we provide advice include superannuation, employee benefits, life insurance, general insurance, health insurance, investment consulting, accident insurance and information technology. The firm, established in 1992, has offices in Auckland and Wellington. The firm is an alliance partner of Willis Towers Watson, a leading global professional services company that helps organisations improve performance through effective people, risk and financial management. The company offers solutions in the areas of employee benefits, talent management, rewards, and risk and capital management. Willis Towers Watson has 39,000 associates in 120 countries around the world and is located on the web at willistowerswatson.com.

Investment consulting services:

- Establish investment objectives.
- Determine long-term investment strategies.
- Determine the optimum investment manager configuration.
- Provide quantitative and qualitative analysis of investment performance.
- Asset/liability modelling.
- Performance monitoring against investment objectives and competitors.
- Manager research and selection.

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31 March 2020

nikko am
Nikko Asset Management

CLUTHA DISTRICT COUNCIL

Fund size

Total fund: $20,124,783

Compliance

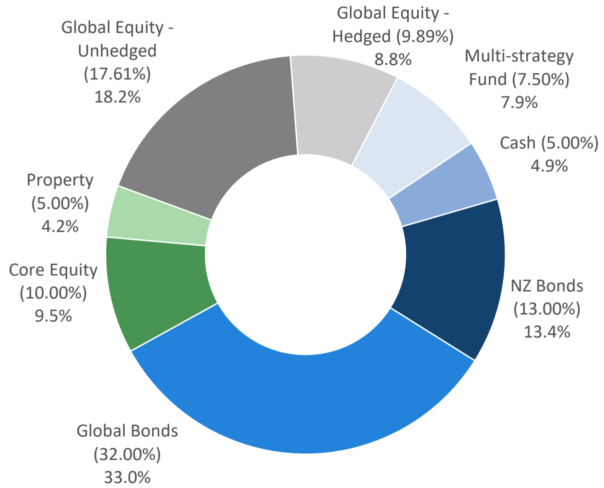
The Nikko AM NZ funds held by Clutha District Council complied with their investment mandates over the quarter.

The Clutha District Council's investments were within their investment ranges over the quarter.

The asset allocation of the fund was changed during the quarter.

Asset allocation

Benchmark weightings in brackets



Performance (NZD gross returns)

	3 months		6 months		One year		Two years (% pa)	
	Fund	B/mark	Fund	B/mark	Fund	B/mark	Fund	B/mark
Cash	0.04%	0.36%	0.57%	0.65%	2.00%	1.50%	2.41%	1.73%
NZ Bonds	1.05%	2.46%	-0.64%	0.45%	4.55%	4.72%	6.02%	5.76%
Global bonds	-0.77%	1.37%	-0.87%	0.72%	5.01%	6.02%	5.32%	5.32%
Core Equity	-14.37%	-14.55%	-9.93%	-9.98%	-0.89%	0.36%	5.50%	9.54%
Property	-23.13%	-20.26%	-21.83%	-20.57%	-6.56%	-2.89%	7.56%	10.25%
Global Equities - Unhedged	-6.40%	-10.52%	-4.81%	-9.38%	7.96%	2.09%	8.94%	5.26%
Global Equities - Hedged	-24.50%	-24.63%	-16.22%	-17.06%	-14.68%	-16.43%	-5.30%	-6.63%
Multi-strategy Fund	-3.91%	1.12%	-1.37%	2.16%	-	-	-	-
Total gross return	-6.93%	-6.10%	-5.08%	-4.84%	2.25%	2.19%	5.40%	5.38%

Indices used:

Cash – Bloomberg NZBond Bank Bill Index
NZ bond – Bloomberg NZBond Composite 0+ Yr Index
Global bond – Bloomberg Barclays Global Aggregate Bond Index – hedged to NZD
Core equity – S&P/NZX 50 Index Gross with Imputation Index
Property - S&P/NZX All Real Estate (industry Group) Gross Index (with imputation credits)
Global Equities – MSCI ACWI 139% gross hedged to NZD and MSCI ACWI unhedged
Multi-strategy – Bloomberg NZBond Bank Bill Index plus 3.0% per annum

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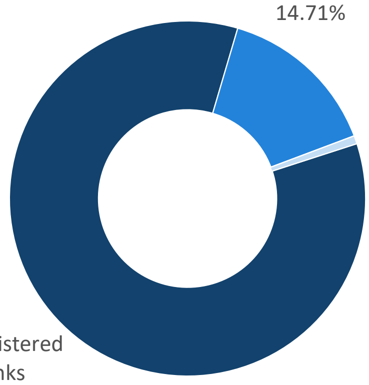
New Zealand cash

Asset Allocation (% of fund)



Duration
Fund 88 days vs Benchmark 45 days

Yield
Fund (gross) 2.02% vs Benchmark 0.39%

Credit Quality	(%)
AAA	-
AA	63.62
A	36.38
BBB	-

Top 5 Issuers	(%)
Westpac New Zealand	24.42
NZ Government	14.71
Kiwibank	11.26
Industrial & Commercial Bank of China	6.86
ASB Bank	6.49

Market Commentary

On March 11 the World Health Organization declared Covid-19 a Pandemic. Central banks quickly reacted both globally and domestically. The US Federal Reserve cut rates to 0% in an emergency meeting on March 15, the RBNZ followed cutting by 0.75% to a record low of 0.25% on March 16. Despite this response markets reacted poorly becoming illiquid, the yield curve shifted up for mid and longer tenors and credit spreads significantly expanded. Bid ask spreads increased by a factor of up to 10 creating a buyers' market where any liquidity was highly valued. Concerns began to build that the market was dysfunctional and an intervention would be required to restore stability and liquidity.

On March 23 the Reserve Bank announced a quantitative easing program allowing it to purchase up to 30 billion dollars of New Zealand government securities on the secondary market over the coming 12 months. This restored a semblance of stability and liquidity and the government yield curve shifted downwards. Credit spreads however remained elevated and liquidity in non-governments although improved, remained weak. Consequently despite the cash rate falling to 0.25% yields on most non-government assets actually increased.

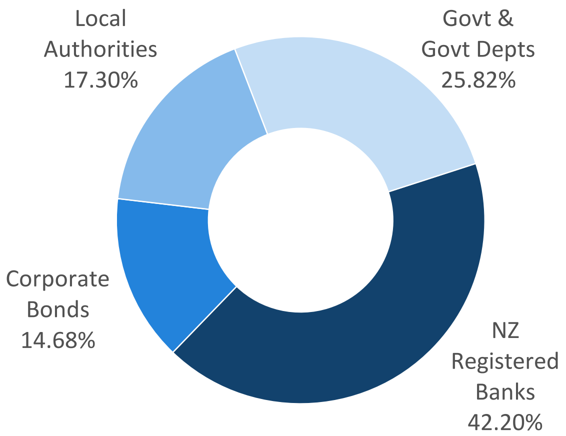
Fund Commentary

We continue to favour holding term deposits up to one year in maturity as they offer superior relative returns and will perform well if rates are stable or interest rates fall further. Liquidity is actively managed by ensuring a significant proportion of the fund is in readily marketable securities in high credit quality names and by staggering term deposit maturities.

The fund continued to outperform its benchmark returning 0.18% compared to 0.10% generated by the 90-Day Bank Bill index. With short term rates relatively unchanged across the month a higher portfolio yield positively contributed to December's return. Over time we expect a longer duration with is associated pickup in yield to positivity contribute to performance.

New Zealand bond

Asset allocation (% of fund)



Credit Quality	(%)
AAA	12.64
AA	59.94
A	23.15
BBB	4.27

Top 5 Corporate Issuers*	(%)
NZ Local Govt. Fund Agency	12.39
Bank Of New Zealand	7.12
Westpac New Zealand Ltd	5.76
Fonterra Cooperative Group	5.34
ANZ Bank New Zealand Ltd	5.23

Duration
Fund 5.19 years vs Benchmark 4.40 years

Yield
Fund (gross) 1.93% vs Benchmark 1.14%

Market Commentary

The returns from NZ bonds were negative over March, but still positive over the quarter and a safe haven compared to other financial assets. Over the month volatility in financial markets was at times extreme, exacerbated by a lack of liquidity and falling investor confidence. Even in the NZ bond market sellers requiring liquidity far outweighed buyers, fortunately we have not had to sell assets from the bond funds at distressed levels. With wide pricing we have introduced buy/sell spreads on some funds to ensure equitable treatment across investors.

In explanation of performance outcomes both in absolute terms and relative to benchmark it is important to note there was a large difference in performance across the different sectors of the NZ bond market through March and at month end. NZ swap rates performed strongly as their yields fell, the 1-year swap fell by 38 basis points and the 10-year finished 28 bps lower as swap levels were not impacted by the widening in credit margins. In comparison all other sectors of the NZ bond market underperformed.

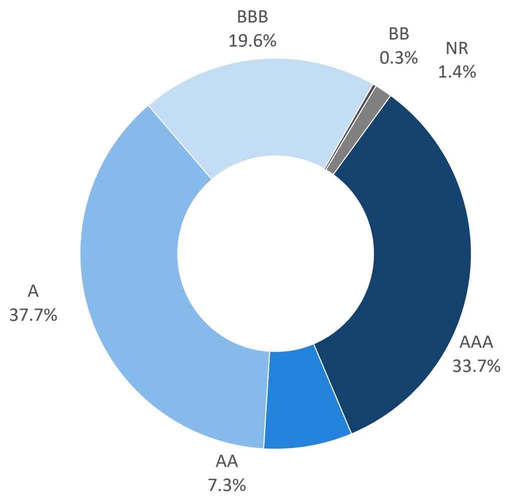
The main reason for underperformance was that credit margins expanded significantly. With a lack of liquidity and dysfunctional markets credit performed poorly, for example 5-year senior bank debt in NZ was previously marked at a credit margin of around 85 bps and closed the month much higher at margins of 160-170bps. We don't have any solvency concerns around the fund's holdings, however even high grade issuers close to government such as LGFA and housing NZ were marked much higher in margin over the month resulting in mark-to-market losses. Unusual in a "risk-off" environment NZ government bonds underperformed significantly in comparison to swap. Longer government bonds had large swings in yield as the market became concerned about the large increase in debt issuance required to fund the government's support package. The sell-off higher in yield began to reverse with the NZ Reserve Bank announcing Quantitative easing (QE) and buying of NZ government bonds. The 2021 NZ government bond finished the month 55 bps lower in yield as the RBNZ slashed the Cash Rate to 0.25% and the front end of the yield curve moved much lower, the 2029 maturity was little changed. The 2037 long maturity bond finished the month 25 bps higher in yield after trading in a very wide 1.5% range over the month. From a yield curve perspective shorter bonds performed better than longer maturities as yield curves steepened.

Fund Commentary

The fund underperformed its benchmark over the quarter. The main negative contribution was due to the expansion in credit margins, and to a lesser extent the longer duration positioning, and yield curve positioning as yield curves steepened. Over the month credit underperformed as margins widened significantly, Inflation Index linked government bonds also underperformed nominal governments and swap. The credit quality of the fund remains strong. We will continue to focus on maintaining a higher portfolio yield through buying quality non-government bond issues. It is likely future returns will be supported by a higher yield, and some improvement in credit margins over the medium to long term. Interest rate positioning wasn't a major detractor of value as the fund was generally positioned only slightly longer than benchmark duration earlier in the month. We have subsequently moderately extended duration.

Global bonds

Credit Quality



Sector Allocation (% of fund)	Fund	Index
Governments	22.84%	49.41%
Agency	2.09%	8.09%
Collateralised & MBS	44.57%	12.00%
Credit	35.06%	19.94%
Emerging market debt	8.78%	10.56%
Cash, derivatives, other	-13.25%	0.00%

Duration
Fund 6.76 years vs Benchmark 6.96 years

Yield
Fund (gross) 2.81% vs Benchmark 1.04%

Market commentary (source: GSAM)

In March, liquidity challenges in the bond market became another component of the current market volatility, adding to existing investor concerns about the economic impact of the coronavirus and the plunge in oil prices. Central banks have been proactive in their efforts to ease liquidity stresses and there are signs that these easing measures are working their way into markets. That said, risk sentiment remains volatile and sensitive to virus news flow.

The policymaker response to the coronavirus pandemic in March was fast and bold with every G10 central bank policy rate—with the exception of Sweden—at an all-time low. Quantitative easing (QE) has resumed in the US, UK, and Sweden, expanded in Europe and Japan, and commenced for the first time in Australia, Canada, and New Zealand. Central bank easing has been accompanied by broad-based and well-targeted fiscal support. The goal of recent policy measures is three-fold: limit job and income losses, support growth once the recovery takes hold, and support smooth market functioning.

The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index returned 1.06% in March, underperforming duration neutral US Treasuries. MBS spreads widened substantially early in the month as liquidity collapsed on the back of heavy new supply due to historically low mortgage rates, lack of demand from investors, as well as forced selling from money managers, mortgage REITs, and hedge funds. In an effort to support the market, the Fed announced a new round of opened-ended QE on agency MBS, and have purchased around $300bn in agency MBS since mid-March. This massive infusion of liquidity has helped ease market conditions. As a result, valuations on new issue MBS have returned to February levels and liquidations from levered investors such as hedge funds and mortgage REITs have started to slow. Securitised credit markets have also been under siege given selling pressure alongside growing concerns about the weakening economic outlook and the potential impact on consumers and businesses. While spreads on senior cash flows have tightened due to supportive monetary and fiscal policies, mezzanine and junior bonds have yet to find their footing.

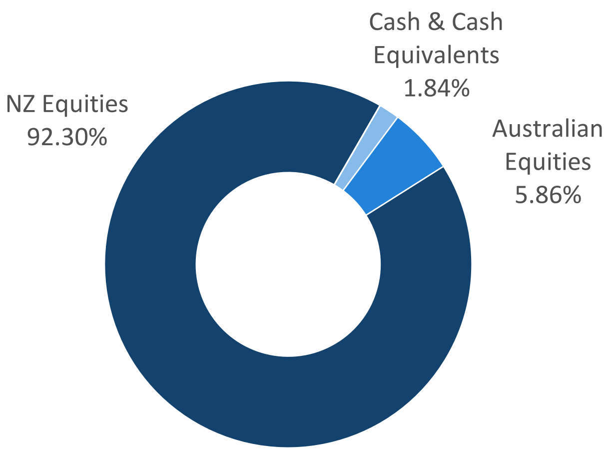
Fund commentary

The portfolio underperformed its benchmark over the quarter and all of this occurred in the month of March. Key positive contributors to performance over March were Duration (26 basis points), Govt/Swaps (15bps) and Country allocation (13bps). Detractors from performance were Cross Sector allocation (-115bps), Corporate (-90bps) and Securitised (-28bps) strategies. Our Cross Sector and Corporate strategies returns were driven by our overweight bias to investment grade (IG) corporates. March saw spreads on corporates widen 143bps to 266bps over sovereigns. The investment grade market deteriorated due to the twin oil and coronavirus shock, as investor uncertainty, reduced bank dealer capacity to trade and near-term funding concerns impaired credit market functioning and the asset class saw heavy outflows.

Decisive action from major central banks, particularly IG corporate asset purchases announced by the US Federal Reserve on 24 March 2020, started to ease liquidity challenges and helped spreads to start retracing towards the end of the month. Our rates-paired approach offset some of the losses from the spread-widening. We remain overweight but are also conscious of the potential for elevated and elongated coronavirus and economic uncertainty which in turn could impact the outlook for corporate fundamentals more materially.

Core domestic equities

Asset Allocation



Cash includes call cash, income due and settlements

Attribution to Performance (quarter)			
What Helped:		What Hurt:	
Ryman Healthcare	UW	Summerset Group	OW
Air New Zealand	NH	New Zealand	OW
Auckland Int Airport	UW	Fisher & Paykel	UW

OW: overweight; UW: underweight; NH: no holding

Top 10 Holdings			
Fisher & Paykel	16.19%	Meridian Energy	5.07%
The A2 Milk Company	15.43%	Mainfreight	3.99%
Spark New Zealand	10.75%	Summerset Group	3.89%
Contact Energy	7.77%	Fletcher Building	3.14%
Infratil	6.06%	Auckland Intl Airport	2.91%
		Number of holdings	**34**

Sector Allocation	Fund	Benchmark
Health Care	24.52%	27.74%
Utilities	20.76%	17.20%
Consumer Staples	17.49%	14.74%
Communication Services	11.33%	10.84%
Industrials	6.90%	11.50%
Materials	3.92%	2.96%
Energy	3.71%	1.32%
Cash	3.53%	0.00%
Real Estate	3.04%	9.28%
Information Technology	2.66%	0.97%
Consumer Discretionary	2.14%	1.80%
Financials	0.00%	1.65%

Market Commentary

Global concerns around COVID-19 overwhelmed all other news from investment markets. As the virus spread across the globe and the gathering momentum in deaths which inevitably followed caused countries around the world to announce policy aimed at controlling the virus' spread. Countries forced citizens to stay at home and isolate and businesses to close resulting in a massive economic fallout which has been reflected in financial markets. The monetary and fiscal response from governments and central banks has been enormous but only time to tell how long the business closures will last, how fast the recovery will be and what shape those businesses that survive will be in.

Fund Commentary

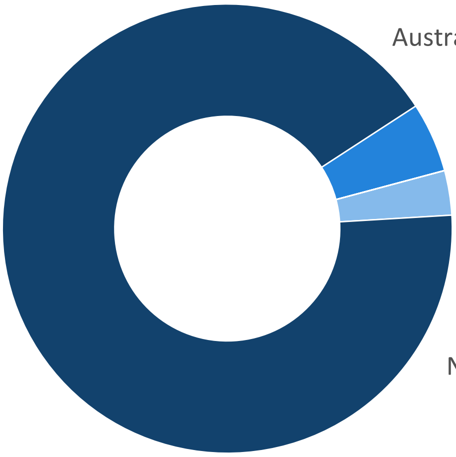
The fund ended the quarter down 14.4% and slightly ahead of the index return of 14.6%. As new information came out on COVID-19 and restrictions were put in place the market saw wild swings in individual stock prices and ultimately large drops over the quarter. The largest positive contributors to relative return were underweight positions in **Ryman Healthcare** (RYM) and **Auckland International Airport** (AIA) and nil position in Air New Zealand (AIR). RYM fell 36.9% as investors considered the impact on the retirement sector and the ability to sell units along with RYM removing its earnings guidance only one week out from the end of their financial year. Both AIR and AIA were immediately impacted by the closure of borders and instruction to New Zealanders to remain at home. AIR dropped 71.0% while AIA lost 43.0% over the quarter. The largest negative contributors to relative return were overweight positions in **NZ Refining** (NZR) and **Summerset Group** (SUM) and an underweight position in **Fisher & Paykel Healthcare** (FPH). As expected, NZR reported a weak refinery margin and the short term outlook for refinery margins is uncertain as the COVID-19 impacts on demand for refined products. NZR fell 58.5%. Similar to RYM, SUM suffered from the negative sentiment to the retirement sector and its ability to sell units and fell 38.1% over the quarter. FPH rose 36.9% as the stock posted a mild earnings upgrade and benefited from the positive sentiment from COVID-19.

Key portfolio changes in the quarter included adding **Ryman Healthcare** (RYM) along with **Oceania Healthcare** (OCA) through a sell down by an existing shareholder. Positions in **Metlifecare** (MET), AIA and **Sky City Entertainment** (SKC) were reduced while a small holding in Serko (SKO) was exited.

(**Bold** denotes stocks held in the portfolio)

Property

Asset allocation



Attribution to Performance (Quarter) (excludes effects of currency)			
What Helped		What Hurt	
Kiwi Property Group	UW	Stride Property	OW
Investore Property	OW	Goodman Property	UW
Augusta Capital	UW	Argosy Property	OW

OW: overweight; UW: underweight; NH: no holding. Month-end position

Top 10 holdings			
Goodman Property	20.41%	Investore Property	7.53%
Precinct Property Group	15.30%	Property for Industry	5.75%
Kiwi Property Group	13.41%	Vital Healthcare	4.13%
Argosy Property	11.79%	Summerset Group	1.85%
Stride Property	9.43%	Ingenia Communities	1.39%
Number of holdings			**17**

Market Commentary

Global concerns around COVID-19 overwhelmed all other news from investment markets. As the virus spread across the globe and the gathering momentum in deaths which inevitably followed caused countries around the world to announce policy aimed at controlling the virus' spread. Countries forced citizens to stay at home and isolate and businesses to close resulting in a massive economic fallout which has been reflected in financial markets. The monetary and fiscal response from governments and central banks has been enormous but only time to tell how long the business closures will last, how fast the recovery will be and what shape those businesses that survive will be in. In the real estate space, retail landlords not exposed to supermarkets are likely the most impacted.

Fund Commentary

The fund ended the quarter down 23.1% and 2.9% behind the index with wild swings in individual stock prices and ultimately large drops over the quarter. The largest positive contributors to relative return were underweight positions in **Kiwi Property** (KPG) and **Augusta Capital** (AUG) and an overweight position in **Investore Property** (IPL). KPG fell 39.7% during the period as investors punished it for its retail property exposure. AUG had a huge swing over the quarter, initially up 45% on the back of a takeover offer but ending down 23.7% as the offer was pulled due to COVID-19. IPL benefited from its supermarket exposure and while it fell 8.1% it outperformed the index.

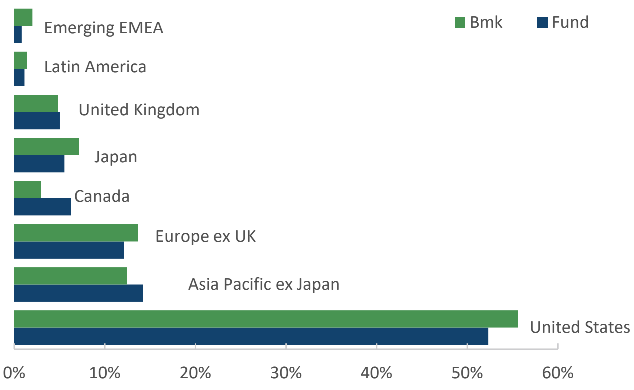
The largest detractors from relative performance were overweight positions in **Stride Property** (SPG) and **Argosy Property** (ARG) and an underweight position in **Goodman Property** (GMT). SPG fell 41.2% while ARG fell 33.9% with investors concerned about SPG's retail property exposure and ARG's higher than sector average debt level. ARG also had a property sale fall over on settlement day with ARG retaining the $4.5m non-refundable deposit. GMT only fell 2.6% as it benefited from buying associated with being added to a global real estate index and also its industrial / logistics property exposure.

Key portfolio changes during the quarter included adding **Oceania Healthcare** (OCA) and **Viva Energy REIT** (VVR) through the previously mentioned sell down by existing shareholders. The funds position in Metlifecare (MET) was divested.

(**Bold** denotes stocks held in the portfolio)

Global equities

Geographical Allocation



Top 10 Holdings	Fund	MSCI	Country
Amazon.com	3.00%	2.07%	US
Visa Inc	2.89%	0.69%	US
Berkshire Hathaway Inc	2.38%	0.60%	US
Taiwan Semiconductor ADR	2.27%	0.00%	Taiwan
Shopify Inc	1.82%	0.11%	Canada
Alibaba Group Holding	1.80%	0.85%	China
Microsoft Corp	1.79%	2.87%	US
Alphabet Inc, Class C	1.72%	0.90%	US
Verizon Communications	1.69%	0.56%	US
AIA Group Ltd	1.68%	0.28%	Hong Kong

Manager	Allocation	Active Return (Quarter)
Royal London	36.64%	4.27%
Davis	26.57%	-2.52%
WCM	36.02%	8.87%
Cash & Derivatives	0.77%	15.42%

Market Commentary

Global markets were hit by COVID-19 over the first quarter of 2020, with most global equity indices suffering one of their worst declines ever. While not as deep as the financial crisis of 2008, this crash was much faster. Although the first COVID-19 cases from China were reported in mid-January, global equity markets continued to appreciate into February, until the panic suddenly took hold during the last week of February, as the virus started to rear its head in Europe. From there the markets commenced a very sharp move to the downside. At its lowest point on the 23rd of March, the MSCI All Countries World Index was about 25% below its February high, before it recovered somewhat during the last week of the March. Over the quarter, the Index return was -10.52% (NZD, unhedged). Significant foreign currency gains against the NZD also cushioned the blow for unhedged New Zealand investors in Q1.

Among the main style indices, Growth and Quality both outperformed the benchmark by more than 600 basis points (bps) over the quarter, while Value underperformed by 650 bps. It was no surprise to see the energy, materials and financials sectors, which are all strongly represented in Value indices, underperform the most. Meanwhile the healthcare sector outperformed by more than 1100 bps, while information technology, consumer staples, utilities and communication services were the other top performing sectors. Regionally, China and Switzerland both outperformed by about 1200 bps, while Hong Kong, Japan and Taiwan all had smaller losses than the Benchmark. Brazil fell the most with a 43% decline over the quarter. Australia, India and the UK all underperformed by significant margins too.

Fund Commentary

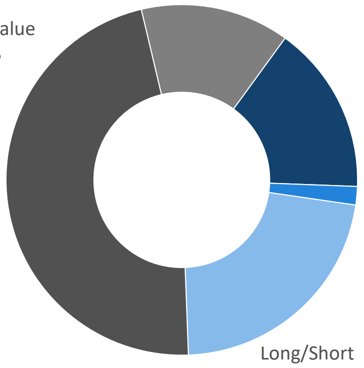
The funds returned -6.40% (unhedged) and -24.50% (hedged to NZD). The decline in the NZ dollar had a significant impact on the performance of the hedged fund, far greater than the returns of underlying assets. Both outperformed benchmark however. WCM was the top performing manager over the quarter. Their return of -1.65% put them 887 bps ahead of the benchmark return. Royal London also outperformed (by 427 bps), while Davis had a poor quarter, underperforming the benchmark (by 252 bps).

Most of the value added over the quarter came from stock selection in the consumer discretionary, industrials, financials and communication services sectors. The energy sector stood out as a “miss” with Davis’s stock selection detracting value. Among individual holdings, the top contributors to the fund’s relative performance were two of WCM’s holdings (Shopify and West Pharmaceutical Services), two of Davis’s Chinese holdings (JD.com and New Oriental Education) and one of Royal London’s holdings (Old Dominion Freight Line). Together those five companies contributed a combined 291 bps.

(*All return percentages expressed as unhedged NZD unless otherwise stated)

Multi Strategy

Strategy allocation (by value of fund)



Performance contribution by strategy

Strategy	No. of funds	Cal YTD
Relative Value	13	0.48%
Long / Short Equities	8	-0.55%
Opportunistic / Macro	3	0.13%
Credit	4	0.13%
Merger Arbitrage / Event Driven	1	0.09%
Portfolio Hedge	0	0.00%

Fund Commentary

(source: JPMAAM for underlying USD share class)

Global markets posted sharp losses in March as the COVID-19 pandemic widened, volatility surged and liquidity concerns gripped markets, with the MSCI World down -13.23%, the Barclays Global Aggregate Bond Index down -2.24% and the Barclays Global High Yield Index down -13.55%. The speed of the equity and credit market declines and the peaks in volatility surpassed even the 2008 global financial crisis. The impending recession was met by major monetary and fiscal stimulus measures across the globe, including central bank rate cuts, massive quantitative easing packages and the announcement of fiscal stimulus programs. While the Portfolio was negative for the month (-3.79%), we outperformed the HFRX Global Hedge Fund Index (-5.88%) and demonstrated strong downside resilience compared to equities and credit for the month and year. Going forward, we believe the opportunity set for alternative strategies has improved significantly. Non-economic selling is creating dislocations we have not seen in over a decade. Within equities, lower valuations and wide dispersion provide an attractive backdrop from which stock pickers can identify winners and losers. Within credit, forced selling is creating opportunities to buy high quality senior credits at steep discounts now and while we are not there yet, we anticipate ample opportunities in distressed credit. Within Quant, we have evidence that managers' models are already adapting to the new environment and are poised to capitalize on elevated levels of volatility.

The **Relative Value** strategy was negative for the month with mixed results in Multi-Strategy managers, losses in Quant managers and gains in Volatility managers. Within Multi-Strategy, gains in a manager that focuses on quantitative strategies in equity, fixed income and commodity markets who made money in its equity arbitrage, macro and energy strategies, were partly offset by losses in another manager who lost money in US and Europe engagement positions. Within Quant, returns were negative across time horizons and implementation techniques (machine learning and prior based). Within Volatility, a manager contributed with outsized gains in its discretionary macro and credit books.

The **Opportunistic/Macro** strategy was positive for the month with gains in a Discretionary Macro manager that made money in rates, currency, equity and commodity trades. Additional gains came from a Reinsurance manager that accrued premium in the absence of meaningful loss events.

The **Long/Short Equities** strategy was negative for the month with the majority of losses driven by COVID-19 concerns. The largest detractors were an Asia-focused manager who lost money in positions in Indian banks that fell as the government issued a nationwide 21 day lock down, and an Activist manager who lost money in a multi-national investment bank that announced a suspension of share buy backs and an engine manufacturer who shut key production plants.

The **Merger Arbitrage/Event Driven** strategy was negative with losses in a co-investment trade.

Credit managers were negative with losses in two Structured Credit managers who lost money in CLO and RMBS positions. Additional losses came from a Corporate-Distressed/Liquidation manager who lost money in corporate fixed income positions and fixed income positions in Puerto Rico.

31 March 2020

nikko am
Nikko Asset Management

CLUTHA DISTRICT COUNCIL #2

Fund size

Total fund: $6,516,747

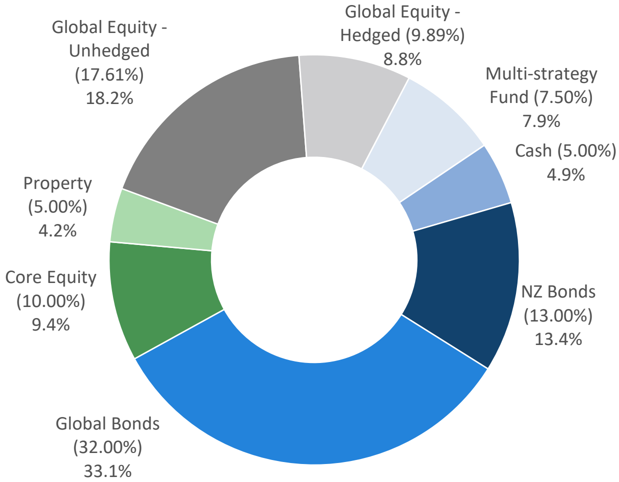
Compliance

The Nikko AM NZ funds held by Clutha District Council complied with their investment mandates over the quarter.

The Clutha District Council's investments were within their investment ranges over the quarter.
The asset allocation of the funds was changed in August 2019.

Asset allocation

Benchmark weightings in brackets



Performance (NZD gross returns)

	3 months		6 months		One year		Two years (% pa)	
	Fund	B/mk	Fund	B/mk	Fund	B/mk	Fund	B/mk
Cash	0.04%	0.36%	0.57%	0.65%	2.00%	1.50%	2.41%	1.73%
NZ Bonds	1.05%	2.46%	-0.64%	0.45%	4.55%	4.72%	6.02%	5.76%
Global bonds	-0.77%	1.37%	-0.87%	0.72%	5.01%	6.02%	5.32%	5.32%
Core Equity	-14.37%	-14.55%	-9.93%	-9.98%	-0.89%	0.36%	5.50%	9.54%
Property	-23.13%	-20.26%	-21.83%	-20.57%	-6.56%	-2.89%	7.56%	10.25%
Global Equities - Unhedged	-6.40%	-10.52%	-4.81%	-9.38%	7.96%	2.09%	8.94%	5.26%
Global Equities - Hedged	-24.50%	-24.63%	-16.22%	-17.06%	-14.68%	-16.43%	-5.30%	-6.63%
Multi-strategy	-3.91%	1.12%	-	-	-	-	-	-
Total gross return	-6.93%	-6.10%	-5.09%	-4.84%	2.20%	2.35%	5.36%	5.47%

Indices used:

Global bond – Bloomberg Barclays Global Aggregate Bond Index – hedged to NZD
Global Equities – MSCI ACWI 139% gross hedged to NZD and MSCI ACWI unhedged
Multi-strategy – Bloomberg NZBond Bank Bill Index plus 3.0% per annum

Cash – Bloomberg NZBond Bank Bill Index
NZ bond – Bloomberg NZBond Composite 0+ Yr Index
Core equity – S&P/NZX 50 Index Gross with Imputation Index
Property - S&P/NZX All Real Estate (industry Group) Gross Index (with imputation credits)

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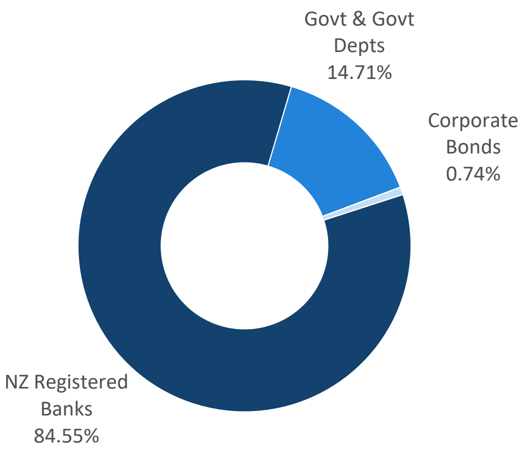
New Zealand cash

Asset Allocation (% of fund)



Duration
Fund 88 days vs Benchmark 45 days

Yield
Fund (gross) 2.02% vs Benchmark 0.39%

Credit Quality	(%)
AAA	-
AA	63.62
A	36.38
BBB	-

Top 5 Issuers	(%)
Westpac New Zealand	24.42
NZ Government	14.71
Kiwibank	11.26
Industrial & Commercial Bank of China	6.86
ASB Bank	6.49

Market Commentary

On March 11 the World Health Organization declared Covid-19 a Pandemic. Central banks quickly reacted both globally and domestically. The US Federal Reserve cut rates to 0% in an emergency meeting on March 15, the RBNZ followed cutting by 0.75% to a record low of 0.25% on March 16. Despite this response markets reacted poorly becoming illiquid, the yield curve shifted up for mid and longer tenors and credit spreads significantly expanded. Bid ask spreads increased by a factor of up to 10 creating a buyers' market where any liquidity was highly valued. Concerns began to build that the market was dysfunctional and an intervention would be required to restore stability and liquidity.

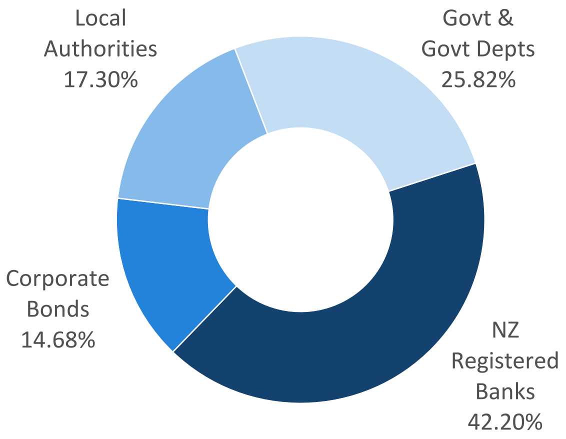
On March 23 the Reserve Bank announced a quantitative easing program allowing it to purchase up to 30 billion dollars of New Zealand government securities on the secondary market over the coming 12 months. This restored a semblance of stability and liquidity and the government yield curve shifted downwards. Credit spreads however remained elevated and liquidity in non-governments although improved, remained weak. Consequently despite the cash rate falling to 0.25% yields on most non-government assets actually increased.

Fund Commentary

We continue to favour holding term deposits up to one year in maturity as they offer superior relative returns and will perform well if rates are stable or interest rates fall further. Liquidity is actively managed by ensuring a significant proportion of the fund is in readily marketable securities in high credit quality names and by staggering term deposit maturities.
The fund continued to outperform its benchmark returning 0.18% compared to 0.10% generated by the 90-Day Bank Bill index. With short term rates relatively unchanged across the month a higher portfolio yield positively contributed to December's return. Over time we expect a longer duration with is associated pickup in yield to positivity contribute to performance.

New Zealand bond

Asset allocation (% of fund)



Credit Quality	(%)
AAA	12.64
AA	59.94
A	23.15
BBB	4.27

Top 5 Corporate Issuers*	(%)
NZ Local Govt. Fund Agency	12.39%
Bank Of New Zealand	7.12%
Westpac New Zealand	5.76%
Fonterra Cooperative Group	5.34%
ANZ Bank New Zealand	5.23%

Duration
Fund 5.19 years vs Benchmark 4.40 years

Yield
Fund (gross) 1.93% vs Benchmark 1.14%

Market Commentary

The returns from NZ bonds were negative over March, but still positive over the quarter and a safe haven compared to other financial assets. Over the month volatility in financial markets was at times extreme, exacerbated by a lack of liquidity and falling investor confidence. Even in the NZ bond market sellers requiring liquidity far outweighed buyers, fortunately we have not had to sell assets from the bond funds at distressed levels. With wide pricing we have introduced buy/sell spreads on some funds to ensure equitable treatment across investors.

In explanation of performance outcomes both in absolute terms and relative to benchmark it is important to note there was a large difference in performance across the different sectors of the NZ bond market through March and at month end. NZ swap rates performed strongly as their yields fell, the 1-year swap fell by 38 basis points and the 10-year finished 28 bps lower as swap levels were not impacted by the widening in credit margins. In comparison all other sectors of the NZ bond market underperformed.

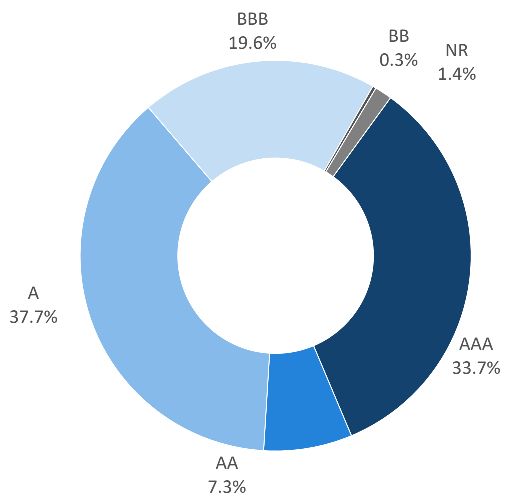
The main reason for underperformance was that credit margins expanded significantly. With a lack of liquidity and dysfunctional markets credit performed poorly, for example 5-year senior bank debt in NZ was previously marked at a credit margin of around 85 bps and closed the month much higher at margins of 160-170bps. We don't have any solvency concerns around the fund's holdings, however even high grade issuers close to government such as LGFA and housing NZ were marked much higher in margin over the month resulting in mark-to-market losses. Unusual in a "risk-off" environment NZ government bonds underperformed significantly in comparison to swap. Longer government bonds had large swings in yield as the market became concerned about the large increase in debt issuance required to fund the government's support package. The sell-off higher in yield began to reverse with the NZ Reserve Bank announcing Quantitative easing (QE) and buying of NZ government bonds. The 2021 NZ government bond finished the month 55 bps lower in yield as the RBNZ slashed the Cash Rate to 0.25% and the front end of the yield curve moved much lower, the 2029 maturity was little changed. The 2037 long maturity bond finished the month 25 bps higher in yield after trading in a very wide 1.5% range over the month.   From a yield curve perspective shorter bonds performed better than longer maturities as yield curves steepened.

Fund Commentary

The fund underperformed its benchmark over the quarter. The main negative contribution was due to the expansion in credit margins, and to a lesser extent the longer duration positioning, and yield curve positioning as yield curves steepened. Over the month credit underperformed as margins widened significantly, Inflation Index linked government bonds also underperformed nominal governments and swap. The credit quality of the fund remains strong. We will continue to focus on maintaining a higher portfolio yield through buying quality non-government bond issues. It is likely future returns will be supported by a higher yield, and some improvement in credit margins over the medium to long term. Interest rate positioning wasn't a major detractor of value as the fund was generally positioned only slightly longer than benchmark duration earlier in the month. We have subsequently moderately extended duration.

Global bonds

Credit Quality



Sector Allocation (% of fund)	Fund	Index
Governments	22.84%	49.41%
Agency	2.09%	8.09%
Collateralised & MBS	44.57%	12.00%
Credit	35.06%	19.94%
Emerging market debt	8.78%	10.56%
Cash, derivatives, other	-13.25%	0.00%

Duration
Fund 6.76 years vs Benchmark 6.96 years

Yield
Fund (gross) 2.81% vs Benchmark 1.04%

Market commentary (source: GSAM)

In March, liquidity challenges in the bond market became another component of the current market volatility, adding to existing investor concerns about the economic impact of the coronavirus and the plunge in oil prices. Central banks have been proactive in their efforts to ease liquidity stresses and there are signs that these easing measures are working their way into markets. That said, risk sentiment remains volatile and sensitive to virus news flow.

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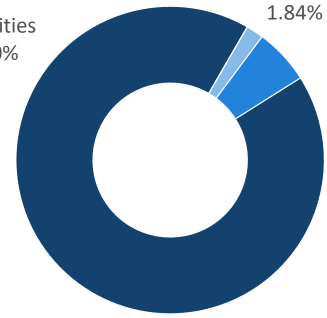
Core domestic equities

Asset Allocation



Cash includes call cash, income due and settlements

Attribution to Performance (quarter)			
What Helped:		What Hurt:	
Ryman Healthcare	UW	Summerset Group	OW
Air New Zealand	NH	New Zealand	OW
Auckland Int Airport	UW	Fisher & Paykel	UW

OW: overweight; UW: underweight; NH: no holding

Top 10 Holdings			
Fisher & Paykel	16.19%	Meridian Energy	5.07%
The A2 Milk Company	15.43%	Mainfreight	3.99%
Spark New Zealand	10.75%	Summerset Group	3.89%
Contact Energy	7.77%	Fletcher Building	3.14%
Infratil	6.06%	Auckland Intl Airport	2.91%
		Number of holdings	**34**

Sector Allocation	Fund	Benchmark
Health Care	24.52%	27.74%
Utilities	20.76%	17.20%
Consumer Staples	17.49%	14.74%
Communication Services	11.33%	10.84%
Industrials	6.90%	11.50%
Materials	3.92%	2.96%
Energy	3.71%	1.32%
Cash	3.53%	0.00%
Real Estate	3.04%	9.28%
Information Technology	2.66%	0.97%
Consumer Discretionary	2.14%	1.80%
Financials	0.00%	1.65%

Market Commentary

Global concerns around COVID-19 overwhelmed all other news from investment markets. As the virus spread across the globe and the gathering momentum in deaths which inevitably followed caused countries around the world to announce policy aimed at controlling the virus' spread. Countries forced citizens to stay at home and isolate and businesses to close resulting in a massive economic fallout which has been reflected in financial markets. The monetary and fiscal response from governments and central banks has been enormous but only time to tell how long the business closures will last, how fast the recovery will be and what shape those businesses that survive will be in.

Fund Commentary

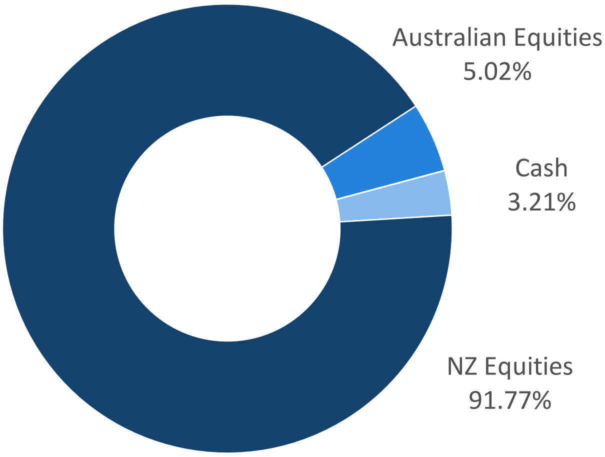
The fund ended the quarter down 14.4% and slightly ahead of the index return of 14.6%. As new information came out on COVID-19 and restrictions were put in place the market saw wild swings in individual stock prices and ultimately large drops over the quarter. The largest positive contributors to relative return were underweight positions in **Ryman Healthcare** (RYM) and **Auckland International Airport** (AIA) and nil position in Air New Zealand (AIR). RYM fell 36.9% as investors considered the impact on the retirement sector and the ability to sell units along with RYM removing its earnings guidance only one week out from the end of their financial year. Both AIR and AIA were immediately impacted by the closure of borders and instruction to New Zealanders to remain at home. AIR dropped 71.0% while AIA lost 43.0% over the quarter. The largest negative contributors to relative return were overweight positions in **NZ Refining** (NZR) and **Summerset Group** (SUM) and an underweight position in **Fisher & Paykel Healthcare** (FPH). As expected, NZR reported a weak refinery margin and the short term outlook for refinery margins is uncertain as the COVID-19 impacts on demand for refined products. NZR fell 58.5%. Similar to RYM, SUM suffered from the negative sentiment to the retirement sector and its ability to sell units and fell 38.1% over the quarter. FPH rose 36.9% as the stock posted a mild earnings upgrade and benefited from the positive sentiment from COVID-19.

Key portfolio changes in the quarter included adding **Ryman Healthcare** (RYM) along with **Oceania Healthcare** (OCA) through a sell down by an existing shareholder. Positions in **Metlifecare** (MET), AIA and **Sky City Entertainment** (SKC) were reduced while a small holding in Serko (SKO) was exited.

(**Bold** denotes stocks held in the portfolio)

Property

Asset allocation



Attribution to Performance (Quarter) (excludes effects of currency)			
What Helped		What Hurt	
Kiwi Property Group	UW	Stride Property	OW
Investore Property	OW	Goodman Property	UW
Augusta Capital	UW	Argosy Property	OW

OW: overweight; UW: underweight; NH: no holding. Month-end position

Top 10 holdings			
Goodman Property	20.41%	Investore Property	7.53%
Precinct Property Group	15.30%	Property for Industry	5.75%
Kiwi Property Group	13.41%	Vital Healthcare	4.13%
Argosy Property	11.79%	Summerset Group	1.85%
Stride Property	9.43%	Ingenia Communities	1.39%
Number of holdings			**17**

Market Commentary

Global concerns around COVID-19 overwhelmed all other news from investment markets. As the virus spread across the globe and the gathering momentum in deaths which inevitably followed caused countries around the world to announce policy aimed at controlling the virus' spread. Countries forced citizens to stay at home and isolate and businesses to close resulting in a massive economic fallout which has been reflected in financial markets. The monetary and fiscal response from governments and central banks has been enormous but only time to tell how long the business closures will last, how fast the recovery will be and what shape those businesses that survive will be in. In the real estate space, retail landlords not exposed to supermarkets are likely the most impacted.

Fund Commentary

The fund ended the quarter down 23.1% and 2.9% behind the index with wild swings in individual stock prices and ultimately large drops over the quarter. The largest positive contributors to relative return were underweight positions in **Kiwi Property** (KPG) and **Augusta Capital** (AUG) and an overweight position in **Investore Property** (IPL). KPG fell 39.7% during the period as investors punished it for its retail property exposure. AUG had a huge swing over the quarter, initially up 45% on the back of a takeover offer but ending down 23.7% as the offer was pulled due to COVID-19. IPL benefited from its supermarket exposure and while it fell 8.1% it outperformed the index.

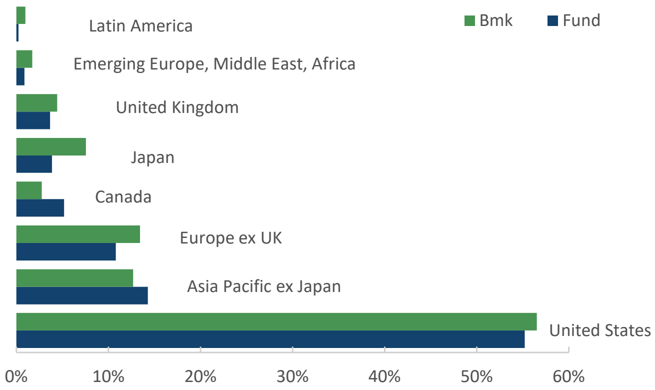
The largest detractors from relative performance were overweight positions in **Stride Property** (SPG) and **Argosy Property** (ARG) and an underweight position in **Goodman Property** (GMT). SPG fell 41.2% while ARG fell 33.9% with investors concerned about SPG's retail property exposure and ARG's higher than sector average debt level. ARG also had a property sale fall over on settlement day with ARG retaining the $4.5m non-refundable deposit. GMT only fell 2.6% as it benefited from buying associated with being added to a global real estate index and also its industrial / logistics property exposure.

Key portfolio changes during the quarter included adding **Oceania Healthcare** (OCA) and **Viva Energy REIT** (VVR) through the previously mentioned sell down by existing shareholders. The funds position in Metlifecare (MET) was divested.

(**Bold** denotes stocks held in the portfolio)

Global equities

Geographical Allocation



Top 10 Holdings	Fund	MSCI	Country
Amazon.com	3.00%	2.07%	US
Visa Inc	2.89%	0.69%	US
Berkshire Hathaway Inc	2.38%	0.60%	US
Taiwan Semiconductor	2.27%	0.00%	Taiwan
Shopify Inc	1.82%	0.11%	Canada
Alibaba Group Holding	1.80%	0.85%	China
Microsoft Corp	1.79%	2.87%	US
Alphabet Inc, Class C	1.72%	0.90%	US
Verizon Communications	1.69%	0.56%	US
AIA Group Ltd	1.68%	0.28%	Hong Kong

Manager	Allocation	Active Return (Quarter)
Royal London	36.64%	4.27%
Davis	26.57%	-2.52%
WCM	36.02%	8.87%
Cash & Derivatives	0.77%	15.42%

Market Commentary

Global markets were hit by COVID-19 over the first quarter of 2020, with most global equity indices suffering one of their worst declines ever. While not as deep as the financial crisis of 2008, this crash was much faster. Although the first COVID-19 cases from China were reported in mid-January, global equity markets continued to appreciate into February, until the panic suddenly took hold during the last week of February, as the virus started to rear its head in Europe. From there the markets commenced a very sharp move to the downside. At its lowest point on the 23rd of March, the MSCI All Countries World Index was about 25% below its February high, before it recovered somewhat during the last week of the March. Over the quarter, the Index return was -10.52% (NZD, unhedged). Significant foreign currency gains against the NZD also cushioned the blow for unhedged New Zealand investors in Q1.

Among the main style indices, Growth and Quality both outperformed the benchmark by more than 600 basis points (bps) over the quarter, while Value underperformed by 650 bps. It was no surprise to see the energy, materials and financials sectors, which are all strongly represented in Value indices, underperform the most. Meanwhile the healthcare sector outperformed by more than 1100 bps, while information technology, consumer staples, utilities and communication services were the other top performing sectors. Regionally, China and Switzerland both outperformed by about 1200 bps, while Hong Kong, Japan and Taiwan all had smaller losses than the Benchmark. Brazil fell the most with a 43% decline over the quarter. Australia, India and the UK all underperformed by significant margins too.

Fund Commentary

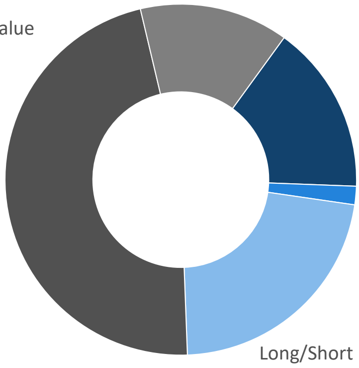
The funds returned -6.40% (unhedged) and -24.50% (hedged to NZD). The decline in the NZ dollar had a significant impact on the performance of the hedged fund, far greater than the returns of underlying assets. Both outperformed benchmark however. WCM was the top performing manager over the quarter. Their return of -1.65% put them 887 bps ahead of the benchmark return. Royal London also outperformed (by 427 bps), while Davis had a poor quarter, underperforming the benchmark (by 252 bps).

Most of the value added over the quarter came from stock selection in the consumer discretionary, industrials, financials and communication services sectors. The energy sector stood out as a "miss" with Davis's stock selection detracting value. Among individual holdings, the top contributors to the fund's relative performance were two of WCM's holdings (Shopify and West Pharmaceutical Services), two of Davis's Chinese holdings (JD.com and New Oriental Education) and one of Royal London's holdings (Old Dominion Freight Line). Together those five companies contributed a combined 291 bps.

(*All return percentages expressed as unhedged NZD unless otherwise stated)

Multi Strategy

Strategy allocation (by value of fund)



Performance contribution by strategy

Strategy	No. of funds	Cal YTD
Relative Value	13	0.48%
Long / Short Equities	8	-0.55%
Opportunistic / Macro	3	0.13%
Credit	4	0.13%
Merger Arbitrage / Event Driven	1	0.09%
Portfolio Hedge	0	0.00%

Fund Commentary

(source: JPMAAM for underlying USD share class)

Global markets posted sharp losses in March as the COVID-19 pandemic widened, volatility surged and liquidity concerns gripped markets, with the MSCI World down -13.23%, the Barclays Global Aggregate Bond Index down -2.24% and the Barclays Global High Yield Index down -13.55%. The speed of the equity and credit market declines and the peaks in volatility surpassed even the 2008 global financial crisis. The impending recession was met by major monetary and fiscal stimulus measures across the globe, including central bank rate cuts, massive quantitative easing packages and the announcement of fiscal stimulus programs. While the Portfolio was negative for the month (-3.79%), we outperformed the HFRX Global Hedge Fund Index (-5.88%) and demonstrated strong downside resilience compared to equities and credit for the month and year. Going forward, we believe the opportunity set for alternative strategies has improved significantly. Non-economic selling is creating dislocations we have not seen in over a decade. Within equities, lower valuations and wide dispersion provide an attractive backdrop from which stock pickers can identify winners and losers. Within credit, forced selling is creating opportunities to buy high quality senior credits at steep discounts now and while we are not there yet, we anticipate ample opportunities in distressed credit. Within Quant, we have evidence that managers' models are already adapting to the new environment and are poised to capitalize on elevated levels of volatility.

The **Relative Value** strategy was negative for the month with mixed results in Multi-Strategy managers, losses in Quant managers and gains in Volatility managers. Within Multi-Strategy, gains in a manager that focuses on quantitative strategies in equity, fixed income and commodity markets who made money in its equity arbitrage, macro and energy strategies, were partly offset by losses in another manager who lost money in US and Europe engagement positions. Within Quant, returns were negative across time horizons and implementation techniques (machine learning and prior based). Within Volatility, a manager contributed with outsized gains in its discretionary macro and credit books.

The **Opportunistic/Macro** strategy was positive for the month with gains in a Discretionary Macro manager that made money in rates, currency, equity and commodity trades. Additional gains came from a Reinsurance manager that accrued premium in the absence of meaningful loss events.

The **Long/Short Equities** strategy was negative for the month with the majority of losses driven by COVID-19 concerns. The largest detractors were an Asia-focused manager who lost money in positions in Indian banks that fell as the government issued a nationwide 21 day lock down, and an Activist manager who lost money in a multi-national investment bank that announced a suspension of share buy backs and an engine manufacturer who shut key production plants.

The **Merger Arbitrage/Event Driven** strategy was negative with losses in a co-investment trade.

Credit managers were negative with losses in two Structured Credit managers who lost money in CLO and RMBS positions. Additional losses came from a Corporate-Distressed/Liquidation manager who lost money in corporate fixed income positions and fixed income positions in Puerto Rico.

Risk & Assurance Committee

Item for INFORMATION

Report	Management Accounts Report
Meeting Date	30 April 2020
Item Number	4
Prepared By	Sharon Jenkinson – Finance Manager
File Reference	257473

REPORT SUMMARY

Management accounts for the period April 2019 to March 2020 are submitted for the Committee's information.

In accordance with the change to a risk and compliance focus only year to date financial information is shown.

Commentary has been added for major variances.

Please note the loss on the Nikko Portfolio due to Covid-19 impacting the stock and bond markets.

Emerging issues that have not been reflected in these management accounts are the following:

- Unrecoverable flood costs.
- Our share of repairs to the Hospital Hill Retention Bank.
- Our share of roading damage caused by the flood.
- Sewerage leak penalties.

RECOMMENDATIONS

1 **That the Risk & Assurance Committee receives the Management Accounts report.**

Clutha District Council - Management Accounts as at Month Indicated

Statement of Financial Position

	Jun 2019 Audited $000	Mar 2020 Act $000	Comments
Assets	**1,035,218**	**1,031,139**	
Current Assets	**38,270**	**32,412**	
Cash and cash equivalents	4,092	1,474	
Receivables and prepayments	3,173	502	**Rates Debtors invoicing and NZTA.**
Other financial assets	27,210	26,642	**Nikko portfolio loss in March**
Development Property	3,795	3,794	
Non-current assets held for sale	0	0	
Non-current assets	**996,948**	**998,727**	
Other financial assets	135	135	
Work in Progress	2,951	13,488	**Assets built but not capitalised**
Property, plant and equipment	992,842	984,083	
Intangible assets	1,020	1,021	
Liabilities	**-11,893**	**-10,082**	
Current Liabilities	**-6,048**	**-4,242**	
Payables and deferred revenue	-5,439	-3,656	
Borrowings and other financial liabilities	0	0	**Bank Overdraft**
Employee entitlements	-609	-586	
Non-current liabilities	**-5,845**	**-5,840**	
Borrowings and other financial liabilities	-5,020	-5,020	**LGFA Loan**
Other Liablilities	-60	-55	
Provisions	-765	-765	
Equity	**-1,023,325**	**-1,021,057**	
Equity	**-1,023,325**	**-1,021,057**	
Equity	-219,148	-219,148	
Accumulated funds	-5,991	-367	
Reserves	-54,000	-57,356	
Revaluation Reserves	-744,186	-744,186	
Balance Check	**0**	**0**	

Clutha District Council - Statement of Comprehensive Revenue and Expenditure July 2019 to March 2020.

	2019/20 $000	Budget $000	Variance $000	2018/19 $000	Comments
INCOME	-28,789	-33,036	4,247	-41,351	
Rates	-20,490	-20,214	-276	-26,049	
Grants & Subsidies	-4,649	-8,155	3,505	-8,395	NZTA work program timing, claims included up to Jan 2020
Fees & User Charges	-571	-708	137	-807	Dog Registrations are $62k under budget, water meters not yet billed $70k, resource consents under budget $20k
Permits & Licenses	-474	-524	50	-812	
Other Fees	-1,120	-884	-235	-1,139	Mt Cooee well ahead of budget
Rental Revenue	-745	-698	-48	-1,020	
Interest Revenue	377	-956	1,333	-505	Covid loss on portfolio
Other Revenue	-326	-896	570	-666	Roading Admin budgeted $714pa, adjusted at year end
Other Gains	-791	0	-791	-1,958	Naish Park Camping Ground above ground assets $230k, the balance mostly Plantation Heights
EXPENDITURE	31,054	32,011	-957	40,994	
Grants Contributions & Sponsorship	460	427	33	670	Timing of grant payments, Clutha Rec Centre, SO S & P, Otago Museum and some other smaller grants all paid in full in July. Also Milton Town Hall (71k) & West Otago Pool ($64k) received unbudgeted grants, some smaller grants remain unpaid.
Other Operating Expenditure	11,516	10,959	557	14,737	3 Waters operational costs, Operation & Maintenancce & Non Routine $365k over budget, Unbudgeted O & M Sampling $214k. Legal fees $108k over budget, council rates $228k over budget due to rates paid in full in September.
Roading Repairs & Maintenance	4,669	4,999	-329	6,517	Very little work recorded in March.
Personnel Costs	5,217	5,180	36	6,040	
Depreciation & Amortisation	9,134	9,990	-856	12,927	WIP yet to be capitalised and depreciated.
Finance Costs	57	456	-399	93	Internal interest eliminated on reporting.
Operating Lease Payments	0	0	0	10	
Surplus for the year	2,265	-1,025	3,290	-357	

Risk & Assurance Committee

Item for INFORMATION

Report	Treasury Advisory Services Report
Meeting Date	30 April 2020
Item Number	5
Prepared By	John Scott – Group Manager Corporate Services
File Reference	258276

REPORT SUMMARY

This report contains the Bancorp Treasury Report for the Clutha District Council to 31 March 2020.

Miles O'Connor will be available by phone to address any questions you may have.

See attachment.

RECOMMENDATION

1. **That the Risk & Assurance Committee receives the Treasury Advisory Services Report.**

TREASURY REPORT

FOR

CLUTHA DISTRICT COUNCIL

AS AT

31 MARCH 2020

BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

CONTENTS

1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (AS AT 31 MARCH 2020)

While events in January and February were important in their own right, the real focus for the quarter was in March when the full impact of the COVID-19 pandemic was felt. During this month equity and commodity prices plunged, bond rates fell to new all-time lows and currencies had massive intra-day swings.

In response to the COVID-19 pandemic, the Federal Reserve ("Fed") cut the cash rates by 1.00% on 15 March, to a 0.0% to 0.25% range, this after an emergency cut of 50 basis points on 3 March. The Fed also announced unlimited Quantitative Easing ("QE") and for the first time ever, the Fed will be able to purchase corporate bonds and make direct loans to companies. The US government announced multiple stimulus packages. The first announcement was for USD8.3 billion, phase two was for USD104 billion and phase three, was for a massive USD2.2 trillion. The White House is talking about a further USD2 trillion of infrastructure linked spending.

The global benchmark for long term interest rates, the US 10 year Treasury bond, had an extremely volatile quarter. At the beginning of January, it was trading at 1.94%, on 9 March it touched a low of 0.39%, rebounded to 1.27% by 18 March and finished the quarter at 0.69%. The sharp bounce off the unprecedented lows was a result of various Fed measures to provide support to the financial system and the announcements of several government support packages.

The European Central Bank ("ECB") disappointed the market by not cutting its benchmark rate, but it offered unlimited liquidity at the deposit rate to the banking sector to provide bridge financing, it lowered the rate on its longer-term refinancing operations to banks by 0.25%, and the governing council increased bond purchases by EUR120 billion for the current year.

The Bank of England ("BOE") cut its benchmark interest rate by 50 basis points to 0.25%, and the British Chancellor unveiled a GBP30 billion spending package. The BOE then cut another 15 basis points on 19 March alongside a QE increase of GBP200 billion. The PBoC, the Chinese central bank, has also cut interest rates and the Chinese Government announced on 26 March that it was looking to implement CNY2.4 trillion (USD344 billion) of stimulus and deliver CNY1 trillion (USD145 billion) in tax cuts.

The global stimulus measures have brought some stability to financial markets, with currency volatility declining and credit spreads edging back from the blowouts seen in mid-March. Equity markets have also rebounded. With governments globally providing liquidity at unprecedented levels, we may be starting to see the first green shots of recovery (or at least stabilisation) but the COVID-19 pandemic crisis still has a long way to go and at some stage, someone will ask, how are we going to pay for all of this stimulus? That in itself could be sowing the seeds of the next selloff.

1.2 New Zealand Market Overview (as at 31 March 2020

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
31 December 2019	1.00%	1.29%	1.28%	1.32%	1.44%	1.59%	1.78%
31 March 2020	0.25%	0.50%	0.53%	0.55%	0.63%	0.75%	0.93%
Change	-0.75%	-0.79%	-0.75%	-0.77%	-0.81%	-0.84%	-0.85%

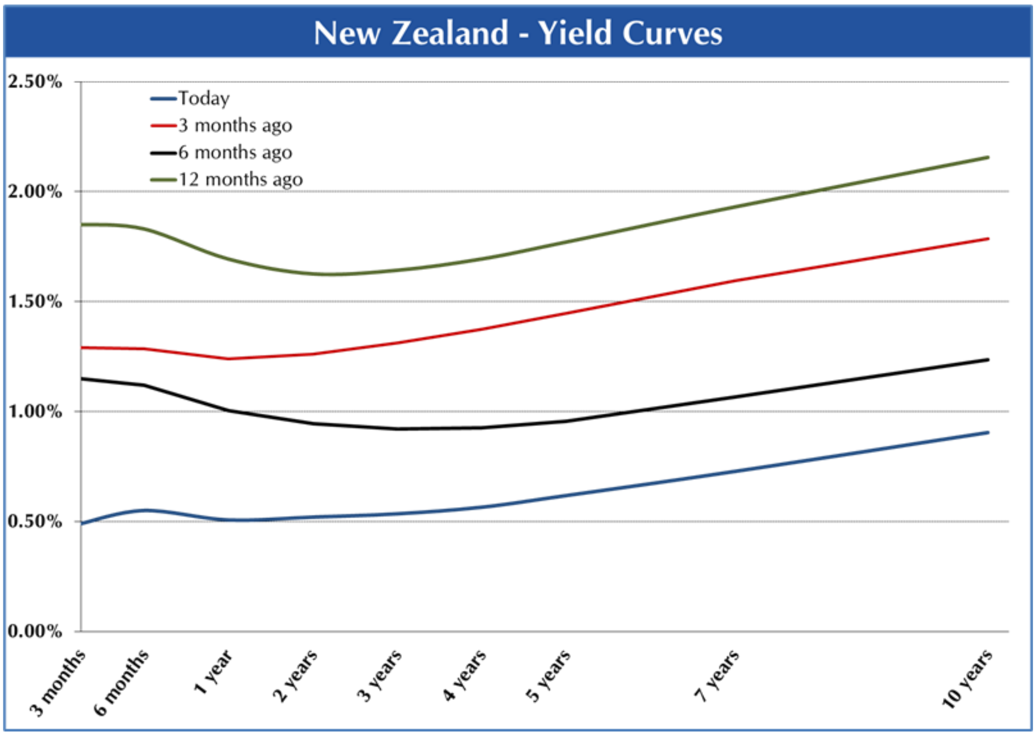
Following the 75 basis point cut to 0.25% on 16 March, the Reserve Bank of New Zealand ("RBNZ") also delivered a Large-Scale Asset Purchase ("LSAP") programme on 23 March, committing to purchase up to NZD30 billion of New Zealand government bonds across a range of maturities over the next 12 months.

However, the RBNZ has made it clear that it is prepared to take further action if necessary. Adrian Orr, stated, *"the aim of our QE programme is to keep rates very low,"* adding*, "we are in a great position to be doing this*." To support the RBNZ, on 23 March, Finance Minister Grant Robertson increased the business support package by an additional NZD4.0 billion to the previously announced NZD12.1 billion for the support package.

The Government also announced that it, and the banking sector, would implement a NZD6.25 billion Business Finance Guarantee Scheme for small and medium-sized businesses by offering 12 month low interest rate loans to the banks and take 80% of any credit losses that may eventuate. Another scheme has been added, for a similar amount, with a loan term of 3 years. The Government has also introduced six-month principal and interest payment holidays for mortgage holders and SME's whose incomes have been affected by the COVID-19 pandemic.

Swap rates have again reached fresh lows, following global bond yields. Domestic swap rates are down dramatically, with the 5 year swap rate currently 0.63%, compared to 1.44% at the end of December and the 10 year swap is now 0.93%, down from levels above 1.75% at the end of December. At the short end of the yield curve the 90 day bank bill rate is at 0.50%, with this rate anchored by the OCR which is at 0.25% and likely to stay there for a very long time. However, the RBNZ appears to have ruled out negative short term interest rates, which have been a feature of Japanese and European interest rates for quite some time.

The chart on the following page shows the extent to which New Zealand interest rates have fallen over the past 12 months, with the dramatic fall from levels that prevailed a year ago clearly evident.



1.3 LOCAL AUTHORITY SECTOR

Listed below are the credit spreads and applicable interest rates for Commercial Paper, Floating Rate Notes and Fixed Rate Bonds ("FRB"), at which Clutha District Council ("CDC") could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Credit Spread	FRN (or CP) Rate	Fixed Rate Bond
3 month CP	0.60% (0.22%)	1.10% (1.32%)	N/A
6 month CP	0.60% (0.22%)	1.19% (1.32%)	N/A
May 2021	0.84% (0.51%)	1.33% (1.71%)	1.30% (1.68%)
April 2022	0.93% (0.54%)	1.42% (1.74%)	1.42% (1.78%)
April 2023	1.05% (0.64%)	1.54% (1.84%)	1.45% (1.88%)
April 2024	1.14% (0.70%)	1.63% (1.90%)	1.68% (2.02%)
April 2025	1.27% (0.75%)	1.76% (1.95%)	1.83% (2.15%)
April 2027	1.49% (0.89%)	1.98% (2.09%)	2.08% (2.36%)
April 2029	1.58% (0.90%)	2.07% (2.10%)	2.40% (2.60%)
April 2033	2.18% (1.08%)	2.67% (2.28%)	3.16% (2.89%)

As can be seen from the table, credit spreads have increased exponentially during the March quarter. However, the fall in underlying interest rates has more than compensated for the increase in the credit spreads, with overall borrowing costs lower (with the exception of the 2033's), especially at the short to medium end of the yield curve.

2. DEBT AND COVER PROFILES

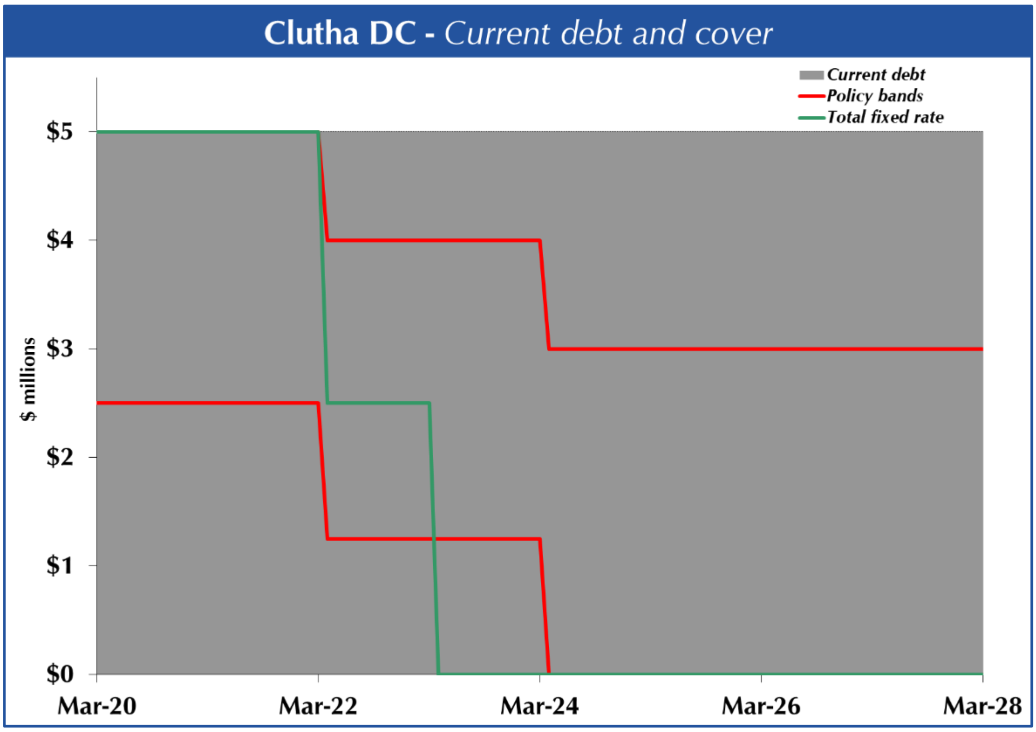
As at 31 March 2020, CDC had $5.0 million of debt, which was sourced from the LGFA using FRBs. Details of the debt are as follows:

Instrument	Maturity	Rate	Amount
LGFA FRB	14-Apr-22	2.29%	$2,500,000
LGFA FRB	15-Apr-23	2.44%	$2,500,000

To manage its interest rate exposures, CDC's LMP incorporates fixed rate hedging percentages that specify the minimum and maximum amount of fixed rate cover to which CDC shall adhere. These parameters are as follows:

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate	Maximum Fixed Rate
0 – 2 years	50%	100%
2 – 4 years	25%	80%
4 – 8 years	0%	60%

CDC's debt and hedging profile based on a debt level of $5.0 million is depicted below.



Compliance with the hedging parameters is not required if the debt is less than $5.0 million. As the debt level is $5.0 million, CDC is technically in breach of the parameters. However, it has been decided that, with the possibility of debt levels increasing significantly in 2020, any decisions about transacting additional fixed rate cover will be delayed until there is more certainty about both the timing and amounts of future debt levels.

3. POLICY COMPLIANCE (AS AT 31 MARCH 2020)

	Yes/No
Are all treasury transactions in compliance with policy?	Yes
Are the fixed rate hedging percentages within policy control limits?	No
Is the Council maintaining liquidity within policy control limits?	Yes
Are all counterparty exposures within policy control limits?	Yes
Are all borrowing covenants/limits being complied with?	Yes

Risk & Assurance Committee

Item for INFORMATION

Report	Risk & Assurance Committee Work Programme
Meeting Date	30 April 2020
Item Number	6
Prepared By	John Scott – Group Manager Corporate Services
File Reference	257474

REPORT SUMMARY

The Risk & Assurance Committee has certain responsibilities reflected in its Terms of Reference. To discharge these responsibilities a work programme has been devised.

The 'green' highlights reflect the work completed since the last committee meeting.

RECOMMENDATIONS

1. **That the Risk & Assurance Committee receives the Risk & Assurance Committee Work Programme report.**

Clutha District Council											
Risk & Assurance Committee Work Programme - January 2020 to December 2020											
							Meeting Dates				
	Approach	Action		5-Feb-20	19-Mar-20	30-Apr-20	11-Jun-20	23-Jul-20	3-Sep-20	14-Oct-20	26-Nov-20
Areas of Responsibility											
Risk Management											
Ensure that Council has in place a current and comprehensive risk management framework and associated procedures and review for effective identification and management of Council's financial and business risks including fraud.	Document risks in ProMapp using the Risk Management Framework for assessing them.	- About influencing the culture to become risk aware and moving from a compliance focus to meaningful use of Risk Management. - Risk should become part of our everyday narrative where we think about it all the time. - Be more structured in how we manage risk and what we report. - Present Risk work programme for the next year for input from the members. Key concerns around risks are the following: • H & S Legislative Compliance. •The Nikko Investment portfolio and reputational impact after a long period of losses. •Suppliers complying with H&S inductions. •Legislative Compliance especially in Rates. •10 top risks.		Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management - see Organisational Risk Management Report	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management
Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings	Provide a schedule of the top projects selected by Council with narrative around risks and mitigations	Critically interrogate presented projects with their related risks and mitigations for reasonableness.		Review Major Projects List and make enquiries of management	Review Major Projects Agenda item and make enquiries of management	Review Major Projects List and make enquiries of management	Review Major Projects List and make enquiries of management	Review Major Projects List and make enquiries of management	Review Major Projects List and make enquiries of management	Review Major Projects List and make enquiries of management	Review Major Projects List and make enquiries of management
Review the effect of the Council's risk management framework on its control environment and insurance arrangements.	Provide Report on Insurance Cover and Deloitte to have management excluded time to discuss any issues.	Review the Deloitte. Management Report for any weaknesses in the Control Environment and Review Annual Insurance Cover and Risk Profile.	Above ground insurance cover in place for 2019 year.				Review the summary of insured assets and risk approach.			Review Deloitte Management Report for Control Environment weaknesses.	
Review whether a sound and effective approach has been followed in establishing the Council's business planning continuity arrangements, including whether disaster recovery plans have been tested periodically.	Produce a Business Continuity Plan	Review BCP for reasonableness.			Discussion on Covid-19				BCP Plan.		
Review the Council's internal controls in relation to preventing fraud and satisfy itself that the Council has appropriate processes and systems in place to capture and effectively investigate fraud-related information and to ensure appropriate action is taken against perpetrators of fraud.	Inform the committee of any fraud management is aware of.	Review reporting and evaluate risk on fraud going forward.	As and when required.				Conflicts of Interest Register's to be updated.				
Internal Control											
Review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective	To some extent reliance is placed on our external auditors, Deloitte, whose Management Report has considered the Control Environment to be adequate in the past.	Keep watching brief to ensure culture and behaviours are being driven by the CE. Focus on a Post Implementation Review of Creditors Controls now that the new ERP has been bedded down.					PIR on Creditors				
Review whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated.	Produce Report on Polices and their prioritisation for review.	Consider whether additional resources are required due to large backlog.					Policy Report and Prioritisation.				
Determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with.	Focus on Treasury Management Policy rewrite.	CDC to be more structured in managing its policies and by laws and what we report: - Policy and By Law Register reflecting what policies and by laws are out of date for a review - what is the organisational timeline to review over the next few years - are we on track ? - This will support achieving the broad oversight role the Committee has. Consider amendments and approve Treasury Management changes.			See agenda item on revised Treasury Management Policy which has been reviewed by Miles O'Connor and the Chair.		Policy Stocktake.				
Review whether appropriate policies and procedures are in place for the management and exercise of delegations.	Report on Ozone Controls versus delegation limits.	Review Report					Report on Ozone Controls versus delegation limits.				
Consider how management identifies and required changes to design or implementation of internal controls.	As and when required.	Review Report									
Review whether management has taken steps to embed a culture that is committed to ethical and lawful behaviour.	To some extent reliance is placed on our external auditors, Deloitte, whose Management Report reflects any concerns around culture.	Keep watching brief to ensure culture and behaviours are being driven by the CE. Committee to have alone time with auditors.									
External Accountability											

Clutha District Council											
Risk & Assurance Committee Work Programme - January 2020 to December 2020											
							Meeting Dates				
	Approach	Action		5-Feb-20	19-Mar-20	30-Apr-20	11-Jun-20	23-Jul-20	3-Sep-20	14-Oct-20	26-Nov-20
Areas of Responsibility											
Review the financial statements and provide advice to the Council, including whether appropriate action has been taken in response to audit recommendations and adjustments.	Provide Draft Annual Report for review and comment.	Review and consider Draft Annual Report providing inputs as required. For Annual Report understand Auditor General focus areas. For Long Term Plan check timing for reasonableness and that Councils timetable fits in with agreed audit visits.							Review Draft Annual Report		
Satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of the systems of internal controls	Discussion with Deloitte.	Enquire about DIA measures, bad debts provision, commitments. Check management has signed representations. Have meeting with auditors without management being present.					Audit Partner to be available to discuss audit plan			Audit Partner to be available to discuss annual report status.	
Review the processes in place designed to ensure that financial information included in the Council's annual report is consistent with the signed financial statements.	Discussion with Deloitte.	Have meeting without management being present.								Audit Partner to be available to discuss annual report status.	
Review the processes and risk assessment are in place for the development and adoption of the Council's Long-Term Plan.	Provide draft Financial Strategy and Asset Management Planning approach to the LTP	Provide inputs into FS and AMPs.								AMP Report	Financial Strategy discussion.
Satisfy itself that the Council has appropriate mechanisms in place to review and implement, where appropriate, relevant external audit reports and recommendations	Provide progress update on Management Letter Recommendations	Inspect progress on tracking document at each meeting. Determine whether progress is being made by number of items resolved versus new ones added. May have interim report as well at end of final audit to consider.					Report on MR progress.				
Satisfy itself that the Council has a performance management framework that is linked to organisational objectives and outcomes.	Part of the LTP review	Apply critical mind to review.									
Internal audit											
Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors	At this stage we have a way to go here.	Plan to apply resources out of LTP so no action in 2020.									
Review the internal audit coverage and annual work plan, ensure that the plan is based on the Council's risk management plan, and recommend approval of the plan on behalf of the Council.	At this stage we have a way to go here.	Plan to apply resources out of LTP so no action in 2020.									
Advise the Mayor and Chief Executive on the adequacy of resources to carry out the internal audit, including completion of the approved internal audit plan.	At this stage we have a way to go here.	Plan to apply resources out of LTP so no action in 2020.									
Oversee the co-ordination of audit programs conducted by the internal and external auditors and other review functions	At this stage we have a way to go here.	Plan to apply resources out of LTP so no action in 2020.									
Review all audit reports and provide advice to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice.	At this stage we have a way to go here.	Plan to apply resources out of LTP so no action in 2020.									
Review the internal audit charter to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place.	At this stage we have a way to go here.	Plan to apply resources out of LTP so no action in 2020.									
External audit											
Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors.	For Annual Report understand Auditor General focus areas. For Long Term Plan check timing for reasonableness and that Councils timetable fits in with agreed audit visits.	AR and LTP engagement discussed and agreed.			See agenda item on Audit Engagement Letter and 3 year Audit Proposal Letter						
Provide input and feedback on the financial statements and the audit coverage proposed by the external auditor and provide feedback on the audit services provided	As and when required	As and when required									
Review all external plans and reports for planned or completed audits and monitor management's implementation of audit recommendations.	As and when required	As and when required							Heidi will be at meeting to discuss progress of audit		
Oversee the co-ordination of audit programs conducted by the internal and external auditors and other review functions	As and when required	As and when required									
Provide advice to the Council and Chief executive on action taken on significant issues raised in relevant external audit reports and good practice guides	As and when required	As and when required									
Compliance with legislation, standards and good practice guidelines											

Clutha District Council

Risk & Assurance Committee Work Programme - January 2020 to December 2020

							Meeting Dates				
	Approach	**Action**		**5-Feb-20**	**19-Mar-20**	**30-Apr-20**	**11-Jun-20**	**23-Jul-20**	**3-Sep-20**	**14-Oct-20**	**26-Nov-20**
Areas of Responsibility											
Determine whether management has appropriately considered legal and compliance risks as part of the Council's risk assessment and management arrangements	Take advantage of the SOLGM Toolbox on compliance and report accordingly.	Review results of each report.					Rating - Billing and Collection Process. Rates Rebates.		National Dog Database. Health and Safety at Work.		
Review the effectiveness of the system for monitoring the Council's compliance with relevant laws regulations, and associated government policies	Largely a substantive approach	See if Deloitte flag any risk areas.									

Risk & Assurance Committee
Item for DECISION

Report	Reasons to Move to Public Excluded Session
Meeting Date	30 April 2020
Item Number	7
Prepared By	Karen Piercy – Corporate Services Administrator
File Reference	257476

REPORT SUMMARY

The Risk & Assurance Committee may by resolution or upon motion being made, exclude the public from the whole or any part of the proceedings of any meeting.

The Committee does not necessarily have to move into public excluded session to receive and/or adopt the minutes of the public excluded meetings listed below.

However, should members wish to move into public excluded session, so the minutes can be discussed, this report advises the various reasons to do so.

RECOMMENDATIONS

1. **That the Risk & Assurance Committee resolves to exclude the public on the grounds contained in Appendix 1 of the Clutha District Council's Standing Orders under Sections A2(b)i, A2(b)ii, A2 (d)i & A2(h).**

REPORT

1 Background

Grounds to exclude the public under the Local Government Official Information and Meetings Act 1987 are contained in Appendix 1 of the Clutha District Council's Standing Orders as attached.

Items included in the public excluded section of this agenda and the reasons to consider them in public excluded session are:

1. **Confirmation of Public Excluded Audit & Risk Committee Minutes 19 March 2020.**

   Under Sections A2(b)i, A2(b)ii & A2(h) and A2(d) contained in Appendix 1 of the Clutha District Council's Standing orders.

2. **Deloitte Clutha District Council Planning Report for the year Ended 30 June 2020**

   Under Sections A2 (b)ii and A2 (d)i contained in Appendix 1 of the Clutha District Council's Standing orders.

Appendix 1: Grounds to exclude the public

A local authority may, by resolution, exclude the public from the whole or any part of the proceedings of any meeting only on one or more of the following grounds:

A1 That good reason exists for excluding the public from the whole or any part of the proceedings of any meeting as the public disclosure of information would be likely:

(a) To prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial; or

(b) To endanger the safety of any person.

A2 That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:

(a) Protect the privacy of natural persons, including that of deceased natural persons; or

(b) Protect information where the making available of the information would:

i. Disclose a trade secret; or

ii. Be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

(ba) In the case only of an application for a resource consent, or water conservation order, or a requirement for a designation or heritage order, under the Resource Management Act 1991, to avoid serious offence to tikanga Māori, or to avoid the disclosure of the location of waahi tapu; or

(c) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would:

i. Be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or

ii. Be likely otherwise to damage the public interest.

(d) Avoid prejudice to measures protecting the health or safety of members of the public; or

(e) Avoid prejudice to measures that prevent or mitigate material loss to members of the public; or

(f) Maintain the effective conduct of public affairs through –the protection of such members, officers, employees, and persons from improper pressure or harassment; or

(g) Maintain legal professional privilege; or

(h) Enable any Council holding the information to carry out, without prejudice or disadvantage, commercial activities; or

(i) Enable any Council holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or

(j) Prevent the disclosure or use of official information for improper gain or improper advantage.

See s.7 LGOIMA 1987.

Where A2 of this Appendix applies the public may be excluded unless, in the circumstances of a particular case, the exclusion of the public is outweighed by other considerations which render it desirable and in the public interest, that the public not be excluded.

A3 That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information, the public disclosure of which would:

(a) Be contrary to the provisions of a specified enactment; or

(b) Constitute contempt of Court or of the House of Representatives.

A4 That the purpose of the whole or the relevant part of the proceedings of the meeting is to consider a recommendation made to that Council by an Ombudsman under section 30(1) or section 38(3) of this Act (in the case of a Council named or specified in Schedule 1 to this Act).

A5 That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the Council to deliberate in private on its decision or recommendation in:

(a) Any proceedings before a Council where:

i. A right of appeal lies to any Court or tribunal against the final decision of the Council in those proceedings;

ii. The Council is required, by any enactment, to make a recommendation in respect of the matter that is the subject of those proceedings; and

iii. Proceedings of a local authority exist in relation to any application or objection under the Marine Farming Act 1971.

See s. 48 LGOIMA.