

Agenda for a meeting of the Waikato District Community Wellbeing Trust to be held via Zoom on **TUESDAY 26th APRIL 2022** commencing at **2 pm.**

- 1. APOLOGIES AND LEAVE OF ABSENCE**
- 2. CONFIRMATION OF STATUS OF AGENDA ITEMS**
- 3. CONFIRMATION OF MINUTES** **1**
 Meeting held on 20 December 2021
 Meeting held on 25 February 2022
- 4. REPORTS FOR DISCUSSION AND/OR DECISION**
 - 4.1 Annual investment mandate review **7**
Roger Browne from KiwiWealth Limited will be in attendance
 - 4.2 Grant application **17**
- 5. REPORTS FOR INFORMATION**
 - 5.1 Meeting framework for the 2022 calendar year **18**
 - 5.2 Quarterly certificates of compliance for the period's ending 31 December 2021 and 31 March 2022 **20**
 - 5.3 KiwiWealth Limited fund performance for the period's ending 31 December 2021 and 31 March 2022 **23**
- 6. EXCLUSION OF THE PUBLIC**
Commercial in confidence pages related to item 4.2

MINUTES of a meeting of the Waikato District Community Wellbeing Trust held via Zoom on **MONDAY 20 DECEMBER 2021** commencing at **4.02pm**.

Present:

Cr J Church (Chairperson)
Cr R McGuire
Ms J Muru

Attending:

Ms A Diaz (Chief Financial Officer)
Ms J de Abreu (Financial Accountant)
Mrs S Jenkins (Organisation Development, Learning & Change Advisor)

Apologies and Leave of Absence

Resolved: (Cr Church / Cr McGuire)

Apology received from Mayor Sanson.

CARRIED on the voices

WBT2112/1

Confirmation of Status of Agenda Items

Resolved: (Cr Church / Cr McGuire)

THAT the agenda for a meeting of the Waikato District Community Wellbeing Trust held on 20 December 2021 be confirmed and all items therein be considered in open meeting.

CARRIED on the voices

WBT2112/2

Conflict of Interest and Disclosures

There were no disclosures of interest.

Confirmation of Minutes

Resolved: (Ms Muru / Cr McGuire)

THAT the minutes of the Meeting of the Waikato District Community Wellbeing Trust held on Monday, 27 September 2021 be confirmed as a true and correct record of that meeting.

CARRIED on the voices

WBT2112/3

Action Register – December 2021

Report taken as read.

Tuakau Skate Park

Sod turning karakia scheduled for 10 January 2022.

Annualised Portfolio Returns

Returns have been steady over the last three years (between 8.0% - 9.5%).

Funding round out of cycle

Staff are not aware of any potential applicants wanting to submit, unlike this time last year.

Resolved: (Cr McGuire / Cr Church)

THAT the report from the Chief Financial Officer be received.

CARRIED on the voices

WBT2112/4

Formal Receipt of Emailed Reports

Agenda Item 6

Quarterly Certificate of Compliance for period ending 30 September 2021

Report taken as read.

Resolved: (Cr Church / Ms Muru)

THAT the report from the Chief Financial Officer be received.

CARRIED on the voices

WBT2112/5

Kiwi Wealth Limited Fund Performance to 30 September 2021

Report taken as read.

The Chief Financial Officer noted that this is the first time since her involvement with the Trust that Kiwi Wealth have performed worse than benchmark for the month.

ACTION: Roger Browne, Kiwi Wealth to be asked at the Annual Investment Mandate meeting in February 2022 what happened in September 2021 for the Portfolio to not meet benchmark.

Resolved: (Cr McGuire / Ms Muru)

THAT the report from the Chief Financial Officer be received.

CARRIED on the voices

WBT2112/6

Approved Grants and Payment Reconciliation

Agenda Item 7

Report taken as read.

Glen Afton Citizen's Sports Club

Trustees acknowledge the invite to visit in the new year for the start of the project. The Trust's annual work programme sets time aside in March and November to conduct site visits.

ACTION: Staff to schedule a suitable date for a site visit.

Question asked if a Council community loan would be appropriate for the shortfall given that the Club had raised a considerable amount already towards the project. The Chief Financial Officer advised that community loans contribute to Council's overall debt cap which could cause challenges to Council in the future. **ACTION:** Chief Financial Officer to investigate the ownership status of the land and buildings.

Tuakau Youth Sports Trust

The Chief Financial Officer confirmed that funds had been uplifted in two instalments.

Resolved: (Cr Church / Ms McGuire)

THAT the report from the Chief Financial Officer be received.

CARRIED on the voices

WBT2112/7

Transfer of Wellbeing Trust Funds to Waikato District Council for the 2020/21 Financial Year

Agenda Item 8

Report taken as read.

The Chief Financial Officer confirmed that the insurance premiums of \$1,276.50 were for Trustees Liability Cover. **ACTION:** Chief Financial Officer to clarify exactly what Trustee Liability is covered in the policy and advise Trustees.

Resolved: (Cr McGuire / Cr Church)

THAT the report from the Chief Financial Officer be received;

AND THAT the Waikato District Community Wellbeing Trust approves a payment of \$81,954.91 from the Trust's investment portfolio account to reimburse Waikato District Council for 2020/21 expenditure on behalf of the Trust.

CARRIED on the voices

WBT2112/8

General Business

Agenda item 9

Annual General Meeting new date (February 2022)

Audit New Zealand has deferred the Trust's audit due to Covid and impact on their resourcing. It is now set to commence on 24 January 2022. The Trust's draft financial position has been filed with Charities Services and they have advised that the Trust won't meet the Annual General Meeting date requirement. The Office of the Auditor General has also written to Charities Services to confirm that the audit has been deferred and why. A date for the Annual General Meeting will be set for the end of February 2022 subject to audit signoff.

Other

Lianne Van den Bemd has had a recent role change. **ACTION:** Chief Financial Officer to clarify whether Lianne Van den Bemd is still the funding advisor for the Trust.

There being no further business the meeting was declared closed at 4.25pm.

Minutes approved and confirmed this day of 2022.

Cr J Church
CHAIRPERSON

MINUTES of a meeting of the Waikato District Community Wellbeing Trust held via Microsoft Teams on **FRIDAY 25 FEBRUARY 2022** commencing at **3.30pm**.

Present:

Cr J Church (Chairperson)
Cr R McGuire
Ms J Muru
Mayor A Sanson

Attending:

Ms A Diaz (Chief Financial Officer)
Ms J de Abreu (Financial Accountant)

Apologies and Leave of Absence

Agenda Item 1

No apologies received.

Confirmation of Status of Agenda Items

Agenda Item 2

Resolved: (Cr / Cr)

THAT the agenda for a meeting of the Waikato District Community Wellbeing Trust held on 25 February 2022 be confirmed and all items therein be considered in open meeting.

CARRIED on the voices

WBT2202/I

Conflict of Interest and Disclosures

Agenda Item 3

There were no disclosures of interest.

Waikato District Community Wellbeing Trust Financial Statements for the six months ended 31 December 2021

Agenda Item 4

Report taken as read.

Councillor Church queried the status of the commitments and when these projects are likely to be completed. Mayor Allan has heard that the Glen Afton project may not proceed.

ACTION: Chief Financial Officer to follow up status of commitments with funding advisor.

Resolved: (Mayor Sanson / Cr Church)

That the Trustees of the Wellbeing Trust receive the report and that the financial statements be provided to Waikato District Council in accordance with the Local Government Act.

CARRIED on the voices

WBT2202/2

Waikato District Community Wellbeing Trust draft Statement of Intent for 2022/23

Agenda Item 5

Report taken as read.

Councillor Church queried the large loss anticipated and the associated ratio of equity to total assets forecast for 2022/23. Discussion was held regarding the timing of payments of grants which are expected to be \$340,050 for the upcoming year due to the deferral of \$99,556 from 2021/22.

Resolved: (Mayor Sanson/ Ms Muru)

That the Trustees of the Wellbeing Trust receive the report and that the Waikato District Community Wellbeing Trust approves the draft Statement of Intent for the year ending 30 June 2023 for release to Waikato District Council.

CARRIED on the voices

WBT2202/3

General Business

Agenda item 6

Mayor Allan requested timeframes for the next funding allocation. A request has been received from Te Kowhai. The Chief Financial Officer confirmed that grant applications were expected to come to the March meeting.

There being no further business the meeting was declared closed at 3.56pm.

Minutes approved and confirmed this day of 2022.

Cr J Church
CHAIRPERSON

To	Waikato District Community Wellbeing Trust
Report title	Annual Investment Mandate Review
Author	Alison Diaz, Chief Financial Officer

1. Purpose of the report

Te Take moo te puurongo

To provide an opportunity for Trustees to meet with the Fund Manager to review performance, investment objectives and risk profile with a view to reconfirming or amending the investment portfolio mix.

2. Executive summary

Whakaraapopotanga matua

Any changes to the objectives and/or portfolio mix would need to be reflected in the Trust's Investment Portfolio and Distribution Policy and updated in the final Statement of Intent.

Roger Browne from Kiwi Wealth Limited will be in attendance.

3. Staff recommendations

Tuutohu-aa-kaimahi

That the Waikato District Community Wellbeing Trust:

- a) **receives the report, and**
- b) **confirms the investment portfolio mix is to remain at 45% fixed interest/
55% growth.**

4. Attachments

Ngaa taapirihanga

Attachment 1 – Review of the Wellbeing Trust's Portfolio

Review of the Wellbeing Trust's Investment Portfolio

Date	13 April 2022
Prepared by	Jean de Abreu Financial Accountant
Reviewed by	Brandan Botha Finance Team Leader: Planning and Reporting
Report description	Formal review of the Wellbeing Trust's investment mandate and the performance of the portfolio manager

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1. INTRODUCTION

1.1 PURPOSE OF THE REPORT

The purpose of this report is to perform a formal review of the Wellbeing Trust's Investment fund's performance and whether the investment is meeting the Wellbeing Trust's key strategic objectives.

1.2 BACKGROUND AND INFORMATION

The Trust was incorporated on 1 November 2010 under the Charitable Trust Act 1957 and is domiciled in New Zealand. On the same date the Trust was registered in accordance with the Charities Act 2005 to give it charitable status. (Registration number: CC45642)

The Trust is controlled by Waikato District Council (Council) and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002, by virtue of Council's right to appoint the Trustees.

The Trust's introductory fund was provided by distribution of the capital fund of the Waikato Foundation Trust.

The proceeds of that distribution are invested in a portfolio of financial assets managed by Kiwi Wealth Limited. The returns from the portfolio are the Trust's source of continuing revenue.

Per the Trust's Investment Portfolio and Distribution Policy, the Trustees have agreed an investment mandate under which the manager will operate namely 45% of the total portfolio to be invested in New Zealand fixed interest securities and 55% to be diversified across a range of equities both in New Zealand and overseas.

The mandate determines that the degree of investment risk that the Trustees are prepared to accept, is medium to low.

2. KEY STRATEGIC OBJECTIVES

Per the Statement of Performance measures that are incorporated into the Statement of Intent for each year, the following are the objectives of the Investment Portfolio:

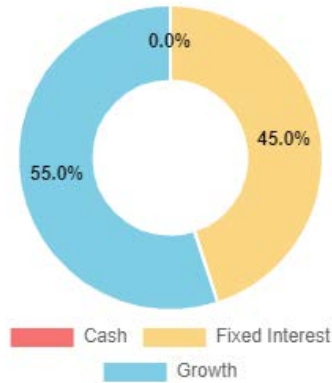
- To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.
- To adhere to the Trust's Management of Investment Portfolio and Distribution Policy.
- To review on an annual basis the investment mandate and the performance of the portfolio manager.
- Ensure that the real (inflation adjusted) value of the fund is protected.
- Ensure that no more than 10% of the capital is distributed in any one year.
- Ensure there is diversification of investments with a 7.5% cap on the value of any single investment in the portfolio.

Ultimately, the objective is to develop an investment mandate seeking for the portfolio both income and growth from suitably diversified investments having a moderate investment risk.

3. REVIEW

It is the requirement of the Trustees to annually review the performance of the portfolio manager but as a general principle would regard a three year average as a preferred measure of performance.

The trust portfolio value as at 31 March 2022 is \$4,981,572. The portfolio mandate is structured as a Balanced Fund being 45% of the funds in New Zealand fixed interest assets and 55% in growth (global shares).



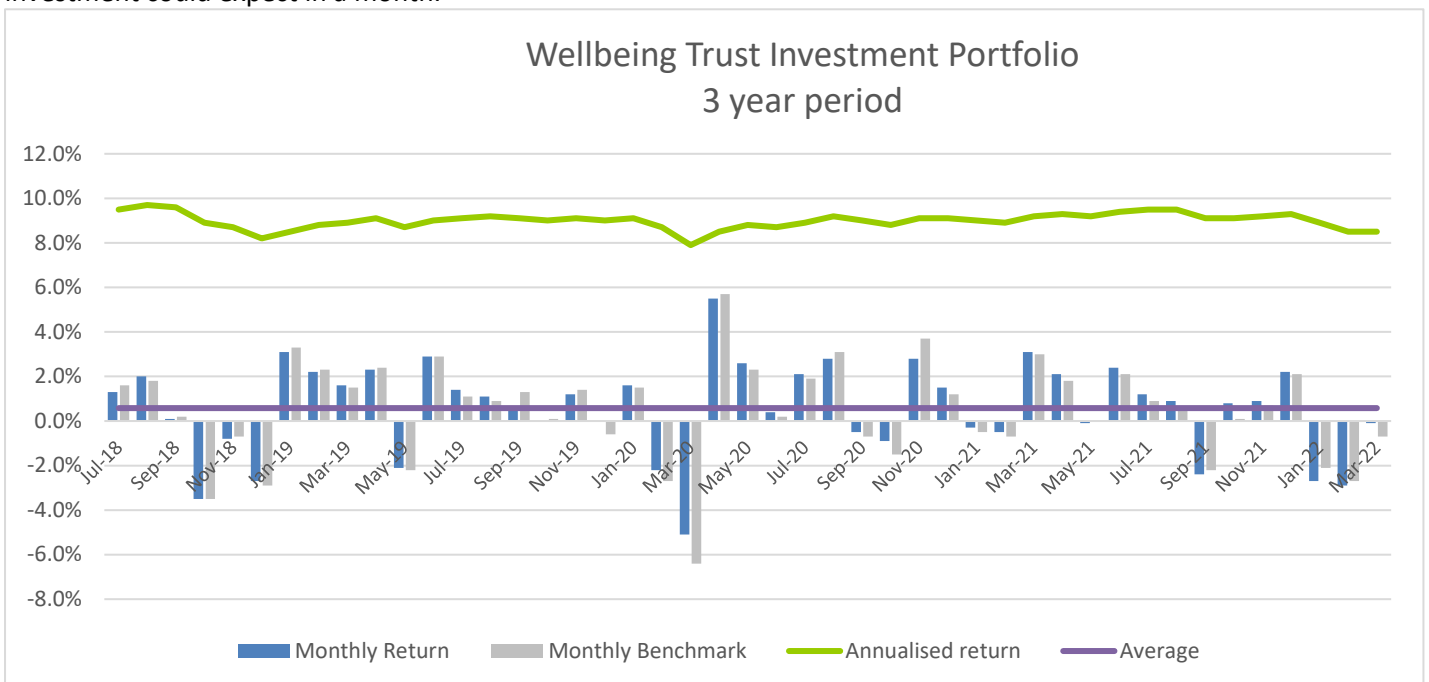
The balanced mandate reflects the medium risk tolerance of the trustees which was reaffirmed in 2021. Currently being assessed again by Kiwi Wealth.

The following represents a review of performance of the Wellbeing Trust’s Investment portfolio.

Below is a representation of the monthly returns over a three year period compared with its benchmark and the annualised return over the same period.

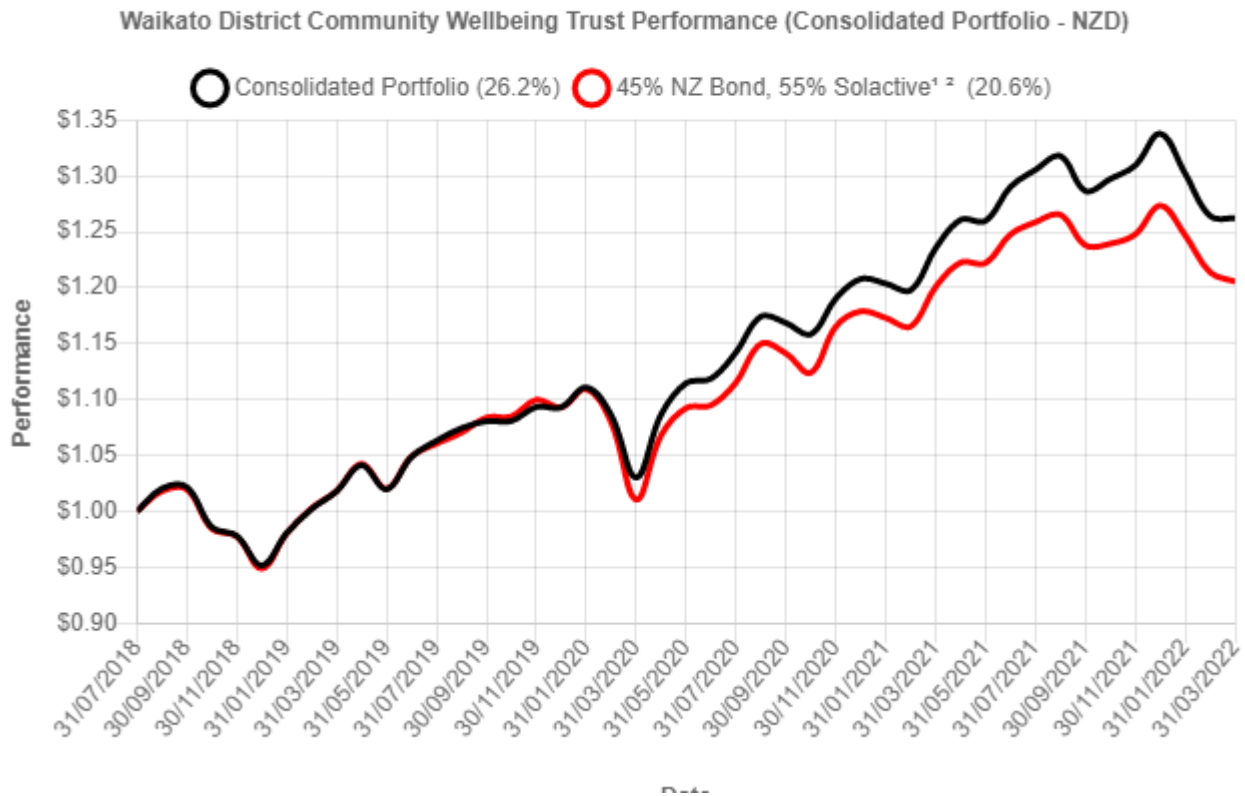
Monthly returns have either met or exceeded benchmark 64% of time over the three year period. Where these returns did not meet benchmark (36% over the time period), this was largely due to how the markets performed in the midst of the trade war between US & China and the Brexit negotiations in 2018 and 2019; and the impact of COVID restrictions from 2020 and now recently the invasion of Ukraine. Over the last twelve months, the monthly returns have exceeded its benchmark 8 months out of the 12. The four months of default being an average of 0.3% behind its benchmark.

The arithmetic mean (average) for the three year period is 0.58%, which provides an indication of what the investment could expect in a month.



The Kiwi Wealth performance graph depicts a positive performance trend over the last three years. As mentioned above, March 2020 saw a decline as a result of how the markets reacted to the COVID outbreak. January through to March 2022 has shown a decline and this can be reasoned as a result of a volatile start in the first few months of 2022. This is mainly due to inflationary pressures, the Omicron variant causing significant impact on global supply chains and of course the global impact of Russia's invasion of Ukraine.

Performance Graph



Footnote: Returns in the graph are after withholding tax, brokerage, and management fees. The portfolio return also includes capital gains (or losses) made on fixed interest securities, foreign currency and hedge contracts. Note however that these three returns are gross of tax in the portfolio return.

1. The equity benchmark we use is a 50%/50% blend of the Solactive² Kiwi Global Markets Screened NZD Index and Solactive Kiwi Global Markets Screened Hedged to NZD Index. From 1 January 2011 to 30 September 2021 the benchmark was 50% MSCI ACWI Index and 50% MSCI ACWI 100% Hedged to New Zealand Dollars Index. Up to 31 December 2010 the index was 100% Gross MSCI World in NZD. The NZ Bond benchmark is the NZ Government Bond index and the World Bond index is the Barclays Capital Bond Composite Global Index in NZD.

2. Solactive AG (Solactive) is the licensor of each of the Solactive Kiwi Global Markets Screened NZD Index and Solactive Kiwi Global Markets Screened Hedged to NZD Index (each an Index). The financial instruments that are based on each Index are not sponsored, endorsed, promoted or sold by Solactive in any way and Solactive makes no express or implied representation, guarantee or assurance with regard to: (a) the advisability in investing in the financial instruments; (b) the quality, accuracy and/or completeness of any Index; and/or (c) the results obtained or to be obtained by any person or entity from the use of an Index. Solactive reserves the right to change the methods of calculation or publication with respect to any Index. Solactive shall not be liable for any damages suffered or incurred as a result of the use (or inability to use) of an Index.

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Below is a review of whether or not the Investment is meeting the Wellbeing Trust's key strategic objectives.

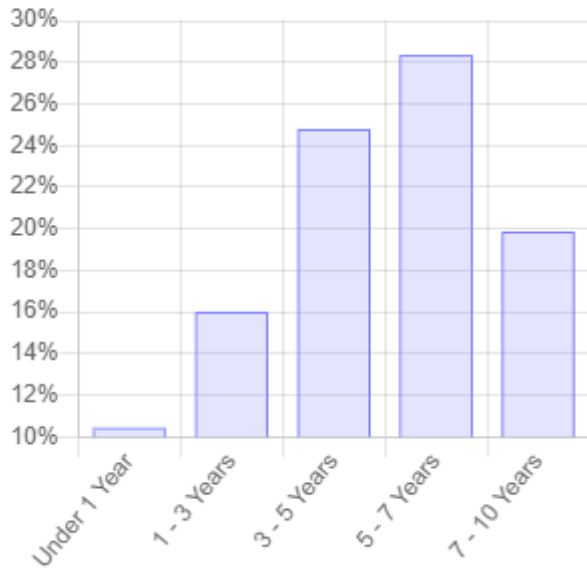
Key strategic objectives	Review of whether or not the current portfolio is meeting the Key strategic objectives
<p>Governance: To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.</p>	<p>Achieved.</p> <p>The review was completed on 31 August 2021. Next review will be completed in August 2022.</p>
<p>Investment: To adhere to the Trust's Management of Investment Portfolio and Distribution Policy</p>	<p>Achieved.</p> <p>At each quarterly meeting the Investment fund performance is reviewed by the Trustees upon receipt of the Kiwi Wealth fund performance report to ensure the following per the policy:</p> <ul style="list-style-type: none"> • Investment mandate under which the manager will operate namely 45% of the total portfolio to be invested in New Zealand fixed interest securities and 55% to be diversified across a range of equities both in New Zealand and overseas. An annual review by Roger Browne, the portfolio's investment manager at Kiwi Wealth will be provided in April 2022. This review will consider the performance of the Investment, the long term investment outlook and the trustees latest risk tolerance review • Market conditions and trends • Schedule of investments held showing cost price, current market and % of individual investments to the total portfolio is available to the Trustees via Kiwi Wealth • Schedule showing income
<p>To review on an annual basis the investment mandate and the performance of the portfolio manager</p>	<p>Achieved.</p> <p>The performance of the portfolio manager was reviewed in February 2021. The 2022 review is due to be held at the next Wellbeing Trust meeting in April.</p>
<p>Fund Disbursement: As per the Management of the Investment Portfolio and Distribution Policy, to distribute a total grant disbursement that does not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.</p>	<p>Achieved.</p> <p>A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set by the Trustees in accordance with the Management of Investment Portfolio and Distribution Policy for the current year.</p> <p>Six-monthly reports are received from all successful applicants within the required timeframe.</p>

<p>Ensure that the real (inflation adjusted) value of the fund is protected</p>	<p>Achieved.</p> <p>The Capital maintenance fund is made up of accumulated annual charges transferred from accumulated funds to maintain the real value of the Trust fund. This is set at 2% of total equity whilst the annual Consumer Price Index (CPI) at June 2021 was 3.3% and at December 2021 was 5.9%. The next quarterly CPI review is due 21 April 2022.</p>
<p>Ensure that no more than 10% of the capital is distributed in any one year</p>	<p>Achieved.</p> <p>Grants approved as at year ended June 2021 was \$94,000 which is 2.1% of total capital.</p> <p>When compared with the prior year, Grants approved for the year ending June 2020 was \$19,000 which was 0.45% of total capital, whilst 2019 was \$97,774 equal to 2.5% of total capital.</p> <p>Grant applications for 2020 and 2021 saw a decline due to the impacts of COVID and projects being put on hold.</p>
<p>Ensure there is diversification of investments with a 7.5% cap on the value of any single investment in the portfolio</p>	<p>Mostly achieved.</p> <p>The instances where the cap was exceeded related to the PIE investments which now make up the total investment portfolio.</p> <p>Given that all of the portfolio is now invested in PIE funds and the Trust does not actually own individual investments this target has been reviewed and removed from the 2022 year onwards.</p>

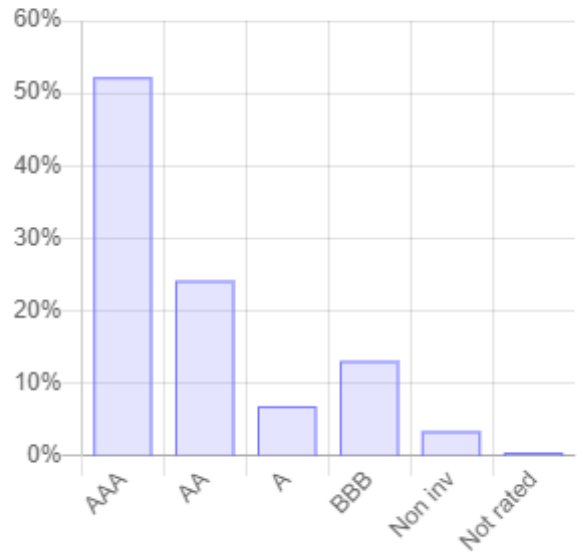
As at March 2022, the Investment portfolio's position overview is as follows:

Fixed Interest Summary

Maturity Distribution

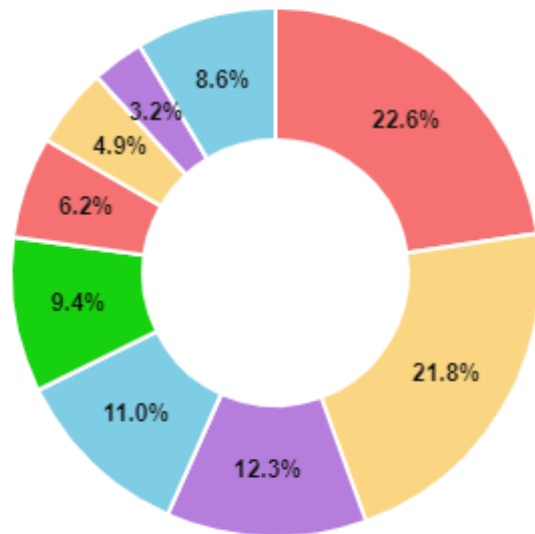


Quality Distribution Disclaimer*



Growth Stocks Summary

Industry Sector	Value	%
Technology	620,658	23%
Country and Region	597,480	22%
Consumer Discretionary	336,003	12%
Health Care	301,369	11%
Financials	258,737	9%
Industrials	170,811	6%
Consumer Staples	133,281	5%
External Manager	87,123	3%
Other	235,579	9%
Total	2,741,040	100%



4. PORTFOLIO PROJECTION

The Portfolio Project Report, provided by Roger Browne, the portfolio's investment manager at Kiwi Wealth, provides a long term forecast for the Investment Portfolio.

The assumptions suggest an annual return of 4.6% per annum (pa) after inflation; however, it is noted that that the inflation assumption may be underestimated, and the interest rate overestimated in the short term.

Historically the average annual returns have been around 9%pa. The long term forecast is around 6.3%pa. Inflation can negatively impact that around 2%pa on average, therefore it has been recommended that the long term, sustainable return on investment of 4% before fund manager fees is used in the preparation of the Wellbeing Trust's Statement of Intent for the year ending 2023.

Based on the feedback from the Investment manager above and the portfolio projection report below, the Wellbeing Trust's Statement of Intent for year ending 2023 has been prepared based on receiving a long term, sustainable return on investment of 4%pa before fund manager fees.



Contact us:
0800 427 384
www.kiwiwealth.co.nz

Portfolio Projection Report

Date: 17 February 2022

Prepared for: Wellbeing Trust

Portfolio Details:

Start Year	2022
Accumulation Period 0 Years	2022
Portfolio Horizon 20 Years	2042

Value at the Start	5,220,000
Target End Value	0
Assumed Tax Rate	0.00%
Assumed Fee	0.51%

Cashflow Input as todays dollars and indexed to inflation

Annual Contribution in Accumulation period	0
Annual Withdrawal in Decumulation period	0
Annual Withdrawal in Decumulation if Shock	0

Portfolio Asset Allocation

% Growth	55%
% Defensive	45%

Investment Return Assumptions

Model Long Run Return Inputs

Inflation	1.75%
Cash	2.60%
Fixed Income	3.65%
Growth/Equities	8.40%
Active Return	0.64%

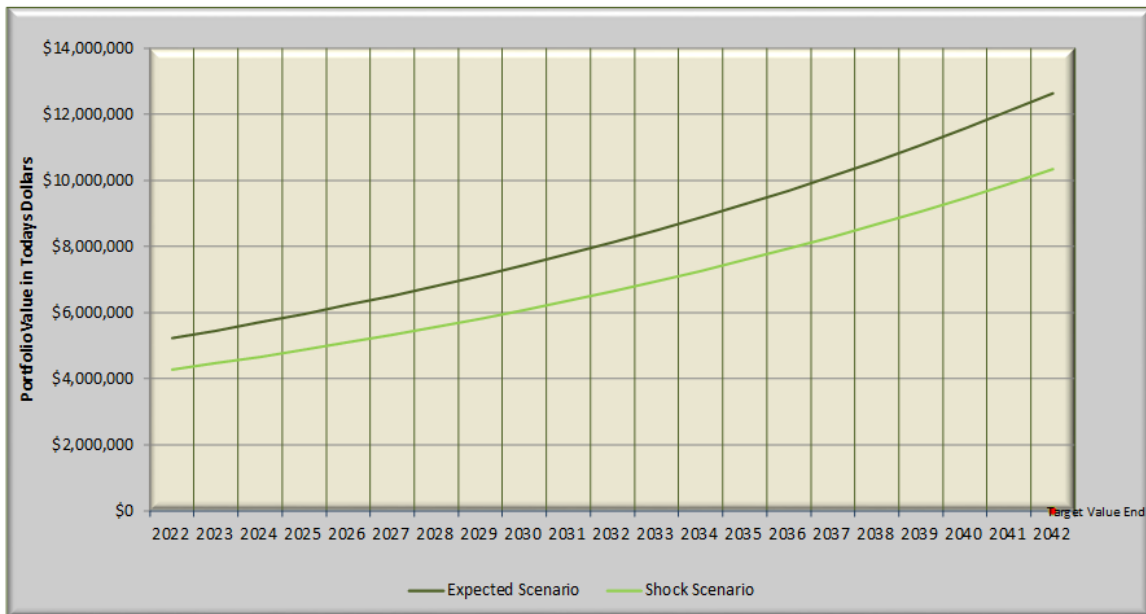
Model Returns & Cash Analysis

	Annual %	Annual \$
Gross Return	6.9%	360,180
Less Fee (GST Incl)	0.6%	28,732
Less Tax	0.0%	-
Net in the Hand	6.3%	331,448
Less Inflation	1.8%	91,350
Real after Inflation	4.6%	240,098

One off Payments Detail

Year	Amount	Year	Amount

Chart of Projected Portfolio Value in Today's Dollars



Summary

The Chart shows the expected value of the portfolio in today's dollars over the horizon in relation to a targeted end value. It is based on two scenarios:

- 1) The "Expected Scenario" shows what would happen if the assumed returns and contributions/withdrawals occur
- 2) The 'Shock Scenario' shows the same portfolio but with a one off shock if growth assets were to fall by 1/3rd in 2022

The projection estimates that the Portfolio would be different from the end target, in today's dollars, by 12,638,600 and 10,344,700 if there was a shock.

Note: This report is only for the purposes of client discussion with a Kiwi Wealth Private Wealth Adviser in the course of providing authorised investment advice. The report should not be the sole basis for making investment decisions and must be considered in the context of wider investor objectives and the inherent uncertainty of investment returns. Investments should be regularly reviewed as circumstances change.

5. NEXT STEPS

An annual review will be provided by Roger Browne, the portfolio's investment manager at Kiwi Wealth, in April 2022.

6. REFERENCES

Kiwi Wealth private portfolio information. Retrieved from <https://www.kiwiwealth.co.nz/>

To	Waikato District Community Wellbeing Trust
Report title	Grant application
Author	Sara Marandi, Funding and Partnership Advisor

1. Purpose of the report

Te Take moo te puurongo

To enable the Waikato District Community Wellbeing Trust to make a decision on funding allocation toward the Whatawhata Community Association project.

2. Executive summary

Whakaraapopotanga matua

Council has approved the following project, as an external project available to be considered by the Waikato District Community Wellbeing Trust. The Wellbeing Trust previously considered this project at the December 2020 meeting when a decision was made to defer the funding decision until the Lotteries grant was confirmed. The lotteries grant has since been confirmed and the project is ready to be reconsidered for a funding allocation.

Ref	Organisation	Project	Amount Requested
I	Whatawhata Community Association	New community hub	70,000

3. Staff recommendations

Tuutohu-aa-kaimahi

That the Waikato District Community Wellbeing Trust:

- receives the report,**
- confirms a funding allocation of \$.....**

4. Attachments

Ngaa taapirihanga

Attachment 1 – Discretionary Funding Application Form – Whatawhata Community Association
Please refer to PEX section of the agenda

To	Waikato District Community Wellbeing Trust
Report title	Meeting framework for the 2022 calendar year
Author	Alison Diaz, Chief Financial Officer

1. Purpose of the report

Te Take moo te puurongo

To provide the Trustees with the reporting framework for the year.

2. Executive summary

Whakaraapopotanga matua

The attached work programme also proposes dates for the consideration of Trustees. The recent February meeting was used to discuss the six-monthly financial results and the draft Statement of Intent.

Meeting dates will be finalised once the availability of Trustees is confirmed.

3. Staff recommendations

Tuutohu-aa-kaimahi

That the Waikato District Community Wellbeing Trust receives the report.

4. Attachments

Ngaa taapirihanga

Attachment One: Trust meeting schedule for 2022

WAIKATO DISTRICT COMMUNITY WELLBEING TRUST

Proposed Trust Meetings 2022

Proposed Date (TBC)	Key Meeting Topic
Apr-22	<ul style="list-style-type: none"> ▪ Meeting framework for the 2022 calendar year ▪ Grant applications <ul style="list-style-type: none"> ▪ Fund performance December 2020 & March 2022 ▪ Quarterly certificate of compliance December 2020 & March 2022 ▪ Trustee discussion with Fund Manager (Kiwi Wealth) representative
May-22	<ul style="list-style-type: none"> ▪ Action points update ▪ Final Statement of Intent for 2022/23 <ul style="list-style-type: none"> – Investment Portfolio and Distribution Policy review ▪ Grant update ▪ Grant distribution for 2022/23 ▪ Feedback and photos from site visits (TBC) <p>POSSIBLE AGM TO RATIFY PERFORMANCE REPORT 2021/22</p>
Jun-22	No meetings, site visits or correspondence
Jul-22	No meetings, site visits or correspondence
Aug-22	<ul style="list-style-type: none"> ▪ NO FORMAL MEETING ▪ Following reports distributed via email: <ul style="list-style-type: none"> – Fund performance June 2022 – Quarterly certificate of compliance June 2022 – Legal memo: Annual review of Trust Deed compliance
Sep-22	<ul style="list-style-type: none"> ▪ Action points update ▪ Formal receipt of emailed reports ▪ Draft Performance Report (<i>adoption subject to audit sign-off December</i>)
Oct-22	No meetings, site visits or correspondence
Nov-22	<ul style="list-style-type: none"> ▪ NO FORMAL MEETING ▪ Following reports distributed via email: <ul style="list-style-type: none"> – Fund performance September 2022 – Quarterly certificate of compliance September 2022
Dec-22	<p>FIRST MEETING POST ELECTION</p> <ul style="list-style-type: none"> ▪ Action points update ▪ Formal receipt of emailed reports ▪ Grant update <p>* Reimburse WDC for payments made on behalf of the Trust</p> <ul style="list-style-type: none"> ▪ Annual General Meeting <ul style="list-style-type: none"> – Ratify Performance Report for 2021/22 – Receive Audit Management Letter – Appointment of Auditors

To	Waikato District Community Wellbeing Trust
Report title	Quarterly Certificate of Compliance for period's ending: 31 December 2021 and 31 March 2022
Author	Alison Diaz, Chief Financial Officer

1. Purpose of the report **Te Take moo te puurongo**

To provide the Trustees with the quarterly certificates of compliance for December and March.

2. Executive summary **Whakaraapopototanga matua**

The Waikato District Community Wellbeing Trust's ("Wellbeing Trust") Statement of Intent requires the Trustees to consider certain compliance obligations. These obligations are considered by the Trustees at each meeting from performance reporting and associated discussion.

3. Staff recommendations **Tuutohu-aa-kaimahi**

That the Waikato District Community Wellbeing Trust:

- a. **receives the report.**
- b. **notes that the review of the investment mandate will take place at the April meeting.**

4. Attachments **Ngaa taapirihanga**

Attachment One: Quarterly Certificate of Compliance for period ending 31 December 2021

Attachment Two: Quarterly Certificate of Compliance for period ending 31 March 2022

Waikato District Community Wellbeing Trust
Quarterly Certificate of Compliance
for period ending 31 December 2021

	Actual	Per Policy
Benchmark Portfolio (fixed interest: equities)	45 : 55	>45 : <55
Grant distribution limit as % of net income after inflation	Compliant	<50%
Grant distribution cap as a % of capital	Compliant	<10%
Review of investment mandate (within last year)	Yes – at February 2021 meeting	Annual
Applicant accountability reports received	Yes	Required upon completion of project

.....

Chairperson

Waikato District Community Wellbeing Trust
Quarterly Certificate of Compliance
for period ending 31 March 2022

	Actual	Per Policy
Benchmark Portfolio (fixed interest: equities)	45 : 55	>45 : <55
Grant distribution limit as % of net income after inflation	Compliant	<50%
Grant distribution cap as a % of capital	Compliant	<10%
Review of investment mandate (within last year)	No - delayed by 2 months to the April meeting	Annual
Applicant accountability reports received	Yes	Required upon completion of project

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Chairperson

To	Waikato District Community Wellbeing Trust
Report title	KiwiWealth Limited Fund Performance for period's ending: 31 December 2021 and 31 March 2022
Author	Alison Diaz, Chief Financial Officer

1. Purpose of the report

Te Take moo te puurongo

To provide the Trustees with the fund performance reports for December and March.

2. Executive summary

Whakaraapopototanga matua

The investment fund performance for the quarter ended 31 December 2021 was 4% against a benchmark performance of 2.9%. For the quarter ended 31 March 2022 it was -5.7% against a benchmark of -5.4%.

The total return since inception after tax, brokerage and fees is 128.2% or 8.5% on an annualised basis.

The Trustees are familiar with the fact that the investment objectives and investment portfolio takes a long-term view of the fund. Investment strategy commentary is provided by KiwiWealth in the attached report.

3. Staff recommendations

Tuutohu-aa-kaimahi

That the Waikato District Community Wellbeing Trust receives the report.

4. Attachments

Ngaa taapirihanga

Attachment One: KiwiWealth Fund Performance to 31 December 2021

Attachment Two: KiwiWealth Fund Performance to 31 March 2022

Waikato District Community Wellbeing Trust

Investment Mandate

This is a balanced portfolio split 45/55 fixed interest/growth shares investments

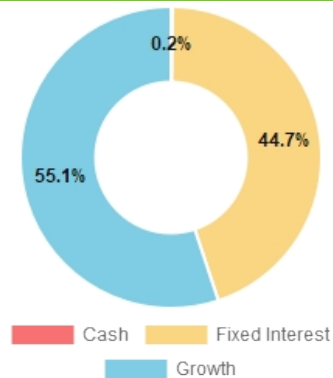
This mandate was last reviewed on 11 March 2021.

Asset Class	Ultimate Allocation	Target NZD Exposure
Cash	0.0%	
Fixed Interest	45.0%	100.0%
Growth	55.0%	50.0%
Total	100.0%	

Portfolio Position

As at 31 December 2021, the total value of your investment portfolio is \$5,364,841. Your net contributions since inception in January 2012 have totalled \$2,063,333 (\$2,514,366 deposits less \$451,032 withdrawals).

Asset Class	Actual Value	Actual Allocation
Cash	\$9,589	0.2%
Fixed Interest	\$2,399,969	44.7%
Growth	\$2,955,282	55.1%
Total	\$5,364,841	100.0%

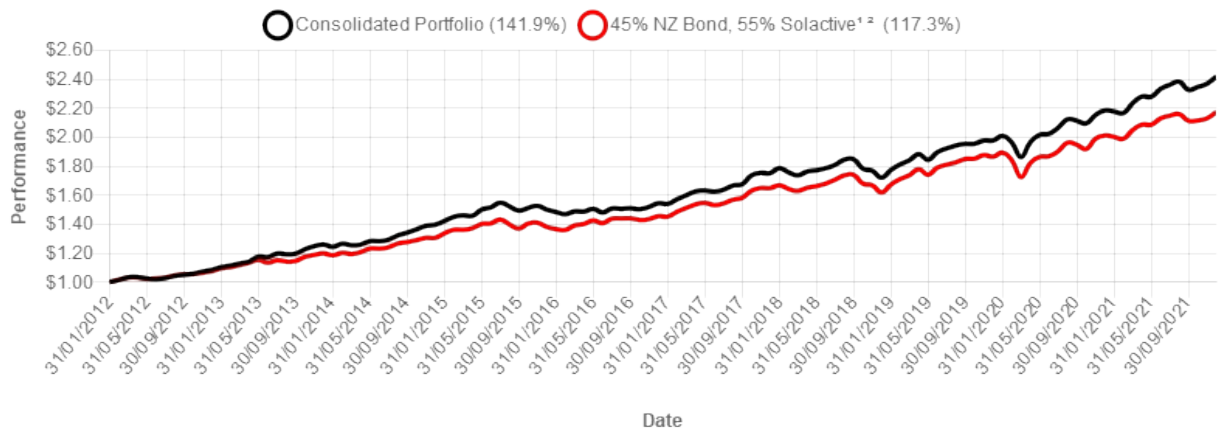


Portfolio Performance

The Kiwi Wealth Growth Fund returned 3.43% after tax and fees in December, 0.32% ahead of its benchmark, which returned 3.11%. Two of the three underlying equity strategies added positive alpha last month which contributed to the overall outperformance. There was little contribution from currency effect, given relatively muted moves.

The Kiwi Wealth Fixed Interest Fund returned 0.35% after fees and taxes in December, slightly underperforming its benchmark, which returned 0.36%. Although interest rates bounced towards the end of the month given the improving optimism around Omicron, the NZ Treasury did announce less debt issuance in 2022 in its Half Yearly Fiscal and Economic update, this suppressed the yields on government bonds.

Waikato District Community Wellbeing Trust Performance (Consolidated Portfolio - NZD)



Your return for the month of December was 2.2% against a benchmark of 2.1%. Your net contributions since 31 January 2012 have totalled \$2,063,333 (\$2,514,366 deposits less \$451,032 withdrawals). As of 31 December 2021 the total value of your portfolio is \$5,364,841. The total return on each dollar invested at inception is 141.9% (after withholding tax, brokerage, and fees), or 9.3% p.a. on an annualised basis.

	26 Loss/Gain				
	Last Month	Last 3 Months	Last 12 Months	Since Inception	Annualised
Consolidated Portfolio Inception date (31/01/2012)	2.2%	4.0%	10.8%	141.9%	9.3%
45% NZ Bond, 55% Solactive ^{1 2}	2.1%	2.9%	8.0%	117.3%	8.1%
Cash Inception date (31/01/2012)	0.0%	0.4%	5.8%	51.9%	4.3%
Fixed Interest Inception date (31/01/2012)	0.5%	-1.7%	-4.9%	56.3%	4.6%
100% NZ Bond	0.5%	-2.0%	-6.7%	31.5%	2.8%
Growth Inception date (31/01/2012)	3.6%	9.1%	26.4%	242.4%	13.2%
Solactive ^{1 2}	3.3%	6.6%	20.0%	184.3%	11.1%

¹ Up to 30 September 2021 the benchmark for the Growth Strategy was 50% MSCI ACWI Index and 50% MSCI ACWI 100% Hedged to New Zealand Dollar Index. From 1 October 2021 the benchmark for the Growth Strategy is 50% Solactive Kiwi Global Markets Screened NZD Index and 50% Solactive Kiwi Global Markets Screened Hedged to NZD Index.

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Investment Strategy

Market Review

The global equity market recorded a 3.65% return last month as measured by the NZD-hedged Solactive Global Market Screened Index. Some volatility was experienced at the start of the month due to concerns around Omicron and an increasingly hawkish Federal Reserve. However, markets rallied into the end of the month to lock in a solid return for the year. US treasury yields lifted while NZ rates were suppressed.

Portfolio Changes

Heading into 2022, one of the things that the Global Thematic team will be keeping an eye on will be changes in consumer spending pattern. With increased vaccination rates, we expect daily life in 2022 will look a more normal than it did during 2020-21. The question we are asking as equity investors is how many recent trends are likely to outlast the pandemic, for example: flexible work, de-urbanization, falling fertility rates and the home entertainment boom. How consumers and business behave in a newly opened world will play a key role in theme and stock selection.

The Global Quantitative team has several outlooks top of mind in 2022. The decade high levels of inflation, initially seen as transitory are now becoming more persistent. How central banks react could be pivotal for the economy and corporate earnings. Additionally, the ultra-loose monetary conditions up to this point has contributed to equity valuations rising to levels not seen since the Dotcom bubble era. We'll be interested to see if this trend persists into 2022 or if we will be seeing a revival of value (cheap) stocks.

In fixed income, we continue to believe that longer rates do not compensate investors against the risk of higher inflation. Both the Reserve Bank and the Treasury expect rates to decline from recent highs but for their level to remain higher than the lows of the 2010s. We think there is some value at the shorter end of the curve which have already efficiently priced into future OCR (Official Cash Rate) hikes.

Waikato District Community Wellbeing Trust

Investment Mandate

This is a balanced portfolio split 45/55 fixed interest/growth shares investments

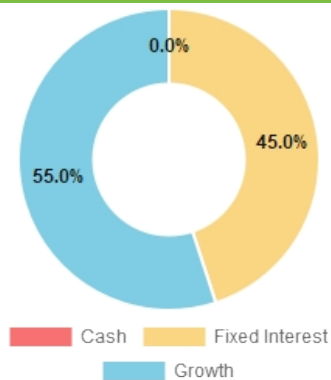
This mandate was last reviewed on 11 March 2021.

Asset Class	Ultimate Allocation	Target NZD Exposure
Cash	0.0%	
Fixed Interest	45.0%	100.0%
Growth	55.0%	50.0%
Total	100.0%	

Portfolio Position

As at 31 March 2022, the total value of your investment portfolio is \$4,981,572. Your net contributions since inception in January 2012 have totalled \$1,981,378 (\$2,514,366 deposits less \$532,987 withdrawals).

Asset Class	Actual Value	Actual Allocation
Cash	\$512	0.0%
Fixed Interest	\$2,240,020	45.0%
Growth	\$2,741,040	55.0%
Total	\$4,981,572	100.0%

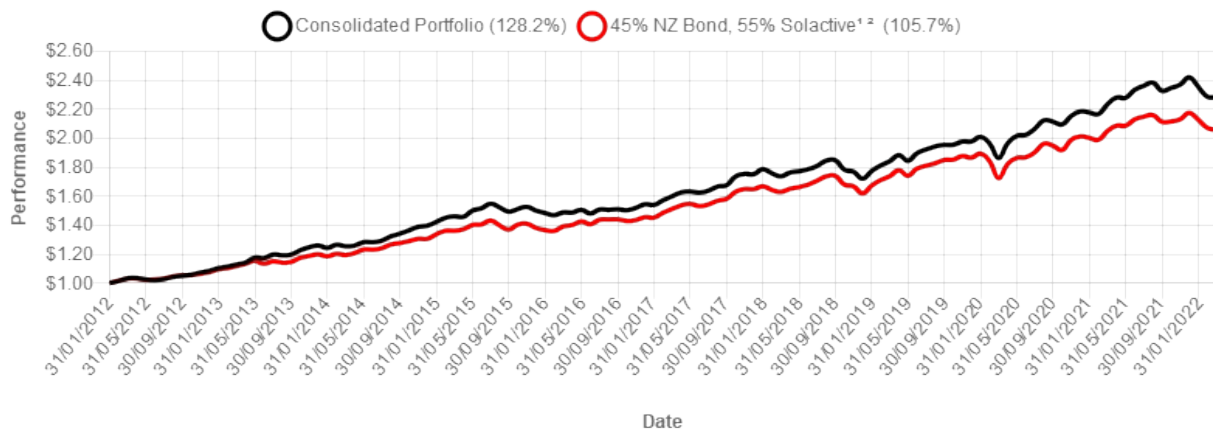


Portfolio Performance

The Kiwi Wealth Growth Fund returned 1.01% after tax and fees in March, 0.28% ahead of its benchmark, which returned -0.73%. Among the underlying strategies, Global Quantitative outperformed, while Global Thematic and Core Global largely performed inline. Although the strengthening Kiwi Dollar was a headwind, the alternative assets generated positive returns.

The Kiwi Wealth Fixed Interest Fund returned -1.23% after fees and taxes in March, outperforming its benchmark, which returned -1.82%. Outperformance was predominantly due to our long-held conviction on maintaining a lower average maturity than that of our benchmark as long-term rates gapped up. All things being equal, bond prices go down when interest rates go up and usually more so if the maturity of the bond is higher. We did continue to see headwinds from our overweight to short term bonds as the market aggressively priced in higher expected overnight Official Cash Rates (OCR) in the next year or so, although a lot of that appears to have already been baked in now.

Waikato District Community Wellbeing Trust Performance (Consolidated Portfolio - NZD)



Your return for the month of March was -0.1% against a benchmark of -0.7%. Your net contributions since 31 January 2012 have totalled \$1,981,378 (\$2,514,366 deposits less \$532,987 withdrawals). As of 31 March 2022 the total value of your portfolio is \$4,981,572. The total return on each dollar invested at inception is 128.2% (after withholding tax, brokerage, and fees), or 8.5% p.a. on an annualised basis. The benchmark returns shown in the performance graph above and performance table below are for your mandate as to the investment strategies. The benchmark returns are not adjusted to account for any additional investments you have elected to include in your portfolio (if any).

	28 Loss/Gain				
	Last Month	Last 3 Months	Last 12 Months	Since Inception	Annualised
Consolidated Portfolio Inception date (31/01/2012)	-0.1%	-5.7%	2.2%	128.2%	8.5%
45% NZ Bond, 55% Solactive ^{1 2}	-0.7%	-5.4%	0.4%	105.7%	7.3%
Cash Inception date (31/01/2012)	2.4%	3.6%	7.5%	57.3%	4.6%
Fixed Interest Inception date (31/01/2012)	-1.7%	-3.1%	-5.4%	51.4%	4.2%
100% NZ Bond	-2.5%	-4.5%	-7.5%	25.6%	2.3%
Growth Inception date (31/01/2012)	1.2%	-7.6%	9.6%	216.4%	12.0%
Solactive ^{1 2}	0.7%	-6.4%	5.9%	166.1%	10.1%

¹ Up to 30 September 2021 the benchmark for the Growth Strategy was 50% MSCI ACWI Index and 50% MSCI ACWI 100% Hedged to New Zealand Dollar Index. From 1 October 2021 the benchmark for the Growth Strategy is 50% Solactive Kiwi Global Markets Screened NZD Index and 50% Solactive Kiwi Global Markets Screened Hedged to NZD Index.

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Investment Strategy

Market Review

The global equity index gained 2.48% in March as measured by the NZD-hedged Solactive Global Market Screened Index. Developments in Ukraine continues to drive volatility in the risk markets. The surge in commodity prices along with pandemic related closures across Chinese cities are expected to exacerbate inflationary pressures. Treasury yields finished markedly higher for the month.

Portfolio Changes

In Global Thematic, we added to our health care themes during March in anticipation of medical procedures accelerating through 2022 as Covid patient numbers become less of a bottleneck. We increased our positions in the likes of **Intuitive Surgical** and retail names, including **Target & Home Depot**.

In Global Quantitative, we increased allocation to Health Care (**Sanofi**, **Vertex Pharmaceuticals**) and Financials (**Itau Unibanco**, **Tokio Marine**), while we reduced Industrials (**Schneider Electric**, **Deere & Co**) and Real Estate (**Cifi**, **Daito**). Information Technology and Health Care are our favoured sectors, while Utilities and Consumer Staples are our largest underweights.

In fixed interest, we have continued to focus on buying good quality, shorter maturity bonds. Company bond interest rates have been more attractive, and we have been adding bonds of industry giants **JPMorgan** (A), **Alphabet** (aka Google) (AA+), **Blackrock** (AA-) and **Johnson & Johnson** (AAA). We financed these purchases by selling a number of New Zealand names like **Auckland International Airport** (A-) and **Westpac** (AA-) that were trading very expensively vs. overseas names.