

Statement of Intent

Toi Moana Trust

For the year ending 30 June 2021

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Introduction

The Local Government Act 2002 section 64(1) requires all Council-Controlled Organisations to annually prepare a Statement of Intent. The content of a Statement of Intent must adhere to the Local Government Act 2002 schedule 8.

Toi Moana Trust (the Trust) is a Council Controlled Organisation (CCO), itself being a subsidiary of the Bay of Plenty Regional Council (Council). This Statement of Intent incorporates the nature, scope, activities, and performance targets of Toi Moana Trust.

Objectives and Activities of the Trust

The Toi Moana Trust was established to provide investment management activities for the Bay of Plenty Regional Council’s Toi Moana Fund. The primary objective is providing optimised long-term investment returns without the restraint of liquidity requirements to Council. Its secondary objective is to protect the capital value of its investment over the longer term.

Governance

Quayside Holdings Limited has been appointed to be manager (‘the Manager’) of the Trust. The role of the Manager commenced on 1 July 2019. Quayside Holdings Limited is the parent of Quayside Securities Limited. Toi Moana Trust is a Portfolio Investment Entity (PIE) under the Quayside Investment Trusts, Trust Deed. Quayside Securities Limited is a corporate trustee of the assets of Quayside Investment Trusts.

Council is responsible for annually assessing the performance of the investment portfolios to ensure performance is in line with the Council's required investment returns and within prescribed risk criteria.

Council's Risk and Assurance Committee (or equivalent) is responsible for regularly reviewing the Investment Manager's reports and ensuring that all parties overseeing, advising and managing the Council's investments disclose any potential conflicts of interest.

The Manager is responsible for managing the investments in accordance with the guidelines and objectives in the Trust's Statement of Investment Policy and Objectives (SIPO).

All parties must have requisite skills and must apply their skills, knowledge and experience in the best interests of the Trust and, be committed to high quality governance, and assist the Toi Moana Trust to meet its objectives and the requirements of this Statement of Intent.

The Trust can, as required, and the manager utilise third party brokers for transactions and a third party custodial for asset custody.

Committees and Policies

Toi Moana Trust comes under the delegated authority policy of the Quayside Group.

Ratio of Shareholder Funds to Total Assets

Toi Moana Trust

Assets	(a)	\$45,000,000
Liabilities	(b)	(\$0)
Shareholder Funds	(c=a-b)	\$45,000,000

Ratio of shareholder funds to total assets (d=c/a) 1

The figures above are all reflective of 1 July 2019 at the establishment of the fund. The Fund is revalued to market value on an annual basis at 30 June.

Accounting Policies

The financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS), the Companies Act 1993, the Local Government Act 2002 and is a Tier 2 reporting entity under the Financial Markets Conduct Act 2013. A full set of accounting policies are available on request.

Performance Targets

Performance targets are effective for the year represented by this Statement of Intent. Target measures will therefore be assessed in full on or within 90 days after 30 June 2021. The Manager will keep Council informed of progress against performance targets on a no surprises basis during the year.

Investment portfolio

	Objective	Measure
1.	Generate commercial returns across the Investment Portfolio.	Annual net cash flow return of 5%
2.	Capital preservation	Long term capital preservation over an initial period of seven years
3.	Investments must be in accordance with its Principles of Responsible Investment.	<p>Investments must be screened from an ethical perspective and meet the following criteria. We must avoid investing in companies whose principal business activity is:</p> <ul style="list-style-type: none"> • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling. <p>Investment selection and management of investments must be in accordance with the principles for responsible investment set out in the Toi Moana Trust SIPO.</p> <p>Council reporting of SIPO compliance dashboard at each meeting.</p> <p>Annual audits of investment adherence to SIPO, including responsible investment principles.</p>
4.	Investments must be in accordance with its Principles of Socially Responsible Investment.	<p>As an Organisation with a focus on environmental factors investments should be screened for their impact on the environmental, social and governance considerations, including climate change and sustainability. A summary to be included in all investment papers presented to Council.</p> <p>Annual report to the Council on Toi Moana Trust compliance with responsible investment principles, including ESG industry standards and best practice.</p>

Governance

	Objective	Measure
1.	Keep Council informed on a no surprises basis, providing quality and timely information.	<p>Quarterly reporting on investment fund performance.</p> <p>Timely advice and support as required.</p>

		Matters of urgency are reported to Council at the earliest opportunity.
2.	Meet Shareholders distribution expectations as outlined in SOI or as otherwise agreed.	Distributions paid to agreed values.

Distribution to Unit Holders

Distributions to Council of 5%

Distributions to Council

Financial year	2021	2022	2023
Distribution	\$2,250,000	\$2,250,000	\$2,250,000

The timing and amounts of distributions are to be mutually agreed.

Reporting to Shareholders

Toi Moana Trust provides its unit holders with Interim and Annual Financials reports each year.

No Surprises

Toi Moana Trust operates on a “no surprises” basis with its unit holders Council. The Manager will look to advise unit holders early of any material departure from the Statement of Intent at the soonest practical opportunity.

Other Matters

There are no matters other than those set out above.