



Eastern & Central
**COMMUNITY
TRUST**

Helping fund a better community

AUDIT & RISK COMMITTEE MEETING

Monday

29th August 2016

Commencing at 3.00 pm.

AGENDA PAPERS

**THE AGENDA FOR A MEETING OF THE A & R COMMITTEE OF THE EASTERN AND CENTRAL
COMMUNITY TRUST INC., TO BE HELD AT THE TRUST'S OFFICE, ON MONDAY 29TH AUGUST 2016
COMMENCING AT 3:00 P.M.**

Ring 08 30 33, then on voice prompt enter the PIN 333352 followed by the hash key.

SECRETARIAL AND COMMITTEE ADMINISTRATION ITEMS

1. Welcome and Apologies
2. Draft Minutes of the A & R Committee Meeting held 27th June 2016 : [pages 3-6](#)
3. Matters arising and action items: [pages 7-8](#)

OPERATIONAL REPORTS TO THE COMMITTEE

4. General Managers Report including financial reports; [pages 9-25](#)

COMMITTEE INFORMATION PAPERS

5. Risk Register Report: [page 26](#)
6. Auditor Review & Rotation: [pages 27-41](#)
7. Fund Advisor and Fund Managers Monthly Reports: [pages 42-75](#)
8. Appendices: [page 76-87](#)
9. General Business

Close of Meeting

Next meeting: 3:00pm 27th October 2016

Report type:	A & R Committee Decision Papers
Recommendation:	That the Board receives and approves the draft Minutes from the A & R Committee meeting June 27th 2016
Agenda item no:	2
Subject:	Draft Minutes
Responsible for the report:	General Manager

Purpose of report:	To provide the A & R Committee with the draft minutes from the previous committee meeting for approval
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**MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE
OF THE EASTERN AND CENTRAL COMMUNITY TRUST INC.,
HELD IN THE TRUST OFFICES, RUSSELL STREET SOUTH, HASTINGS,
ON MONDAY 27th JUNE 2016, COMMENCING AT 3:00 PM.**

COMMITTEE MEMBERS BY TELECONFERENCE:

Shelly Mitchell-Jenkins (Chair), Mark Kilmister, Caren Rangi, Stephen Kerr, Geoff Milner.

IN ATTENDANCE:

Jonathan Bell (General Manager), Sonia Yoshioka Braid.

1. APOLOGIES

Nil.

2. MINUTES FROM THE PREVIOUS AUDIT & RISK COMMITTEE MEETING

2.1 RESOLUTION

The Committee resolved to approve the minutes of the previous meeting held on 26th March 2016 as a true and accurate record of the meeting.

Stephen Kerr/Shelly Mitchell-Jenkins

CARRIED

3.1 MATTERS ARISING FROM THE PREVIOUS MINUTES

Nil.

3.2 ACTION ITEMS:

- Caren and Shelly to get together in July to further 5 & 13.
- Exit interview strategy – Geoff will conduct 2 exit interviews with departing trustees and have it available at next meeting.
- Items 5,7,8 carry on to later in the year.

4.0 GENERAL MANAGERS REPORT

- Noted received with responses to questions provided prior to the meeting. These responses are added to these minutes to record questions and responses.
- Addition to response;
 - # 5– Caren suggested Jonathan also bounce off Robyn – for the exit interview process, including questions. Geoff has his process in place. Jonathan: Will ask a couple of the other community trusts if they have anything in place and we can hopefully adapt that to our needs. **ACTION ITEM**
- Hedging – MK Question, Did we close out on the day we were suppose to close out? Contracts ran until Friday 17th, normally close the day before. Jonathan looked at the currency, spoke to BNZ & Michael and made \$1.086 million in advance of the formal close out. As it gets closer to the close out day (within 10 working days) we start looking at the currency hedging – can't close out on the day. We have made decisions where we've closed out and have both lost and made money.
- Mark: Donation creditors seem to be high. Will there be donations written back to help compensate for this? Jonathan; Education initiatives & RSTs approval were in the last meeting. More requests coming through for large donations, and the volume of donations is starting to fall away

5.0 AUDIT UPDATE

- Shelly commented – a month after we’ve agreed the accounts and there’s no audit sign-off. Is there an expected sign-off date? Are the auditors getting back to Jonathan on the short form?
- Jonathan Responded: The summarised financials have been with them for 5 weeks, and the other for 10 days. He suspects they are involved in a large audit locally. Our deadline for the full set of statements have to be at the Minister 6 months after close off date.
- Jonathan has emailed the auditor twice over the last few days asking for an update. We need answers by the middle of next week.
- Shelly noted we are a long way behind where we normally are and would like to know it’s completed to enable production of the annual report.

6.0 DRAFT ANNUAL REPORT

- Jonathan to circulate the final annual report once the Auditor has signed these off.

7.0 DRAFT SUMMARY FINANCIAL STATEMENTS

- As noted in point five above.

8.0 APPOINTMENT OF AUDITOR

- The current auditor’s term finishes with the audit of the 2016 Annual Accounts.
- Noted that need to go to market for an auditor for 2017, also noted that the number of auditor’s in Hawkes Bay able to do this level of audit is limited, only two.
- Suggested that we could offer our existing auditor the opportunity to pitch for the work, if the lead auditor was changed. But also invite others. Shelly is to investigate this as an option. **ACTION ITEM**
- Shelly requested to put this on the agenda for the October A & R Committee meeting. **ACTION ITEM.**
- Assessment of the auditor – Shelly noted that Stuart Signal had provided ECCT with an assessment tool last year. Jonathan & Shelly are to investigate this or other options for assessment. **ACTION ITEM.**

9.0 GENERAL BUSINESS

- Geoff asked if we have a sense of the impact of Brexit? Noted by Stephen and Mark is that stock-markets are up on what they were in the beginning of June and almost where they were prior to Brexit. Michael Chamberlain provided some advice post Brexit outlining uncertainty in the markets but reiterated the long term investment philosophies of the Trust ensured that we would not make rash, “kneejerk” decisions.
- Jonathan, noted that the equity markets are almost back to where they were pre Brexit. Foreign currencies continue to strengthen with the pound still tracking up against the NZD. From a hedging point of view we are in a positive position.
- Trustee Induction – Question asked if any thought to the timing of induction of new Trustees. Jonathan has contacted both the new Trustees, both are available. Looking to confirm an induction day for them, Jonathan is compiling statutory information they need. Shelly is happy to come along to part of the induction day.

- Shelly & Caren to get together to work on points 8 and 13, Risk Register matrix and Work Plan respectively.
- Mark raised the question of Responsible Investment and our current mandate with Fund Managers. Shelly noted this is a Board issue and needs to be discussed with the full board. Geoff noted the need to deal with these in the July meeting – we will get the completion of the formal reviews and comments from Michael
- Stephen noted the comment about two qualified reports from the Public Trust. Stuart Signal explained at the last meeting that they received the control report from the Auditors of Public Trust, but there were minor adjustments due to timing. Things had been dealt with, and there weren't any issues of concern.
- Stuart had also noted that his staff do quite a lot of manual checking of the Public Trust's data input to ensure it is correct. No extra charge for that.
- Stephen noted that BP Paribus may need to be considered as custodial trustee if Public Trust do not stay in this space as suggestions may indicate
- Stephen noted our commitment to Public/Private Equity partnerships. We need to keep an eye on this, on how are their payments are structured when they start repaying, particularly what is split between income and value gain. We may need to do some more work on this at some stage. Jonathan noted that we have paid \$150k into Waterman Capital, and that nothing has been requested from Morrison's yet. Shelly noted to keep this on our watch list.
- Michael Chamberlain's report – Noted that the numbers which Michael Chamberlain is reporting against are not correct. MCA still has;
 - Operating expenditure at \$1.2 million, should be \$1.67 mill
 - Target Grants at \$5.5 mill, should be \$5.6 mill
 - Budgeted investment income at \$7.45mill, should be 7.2 mill
 -
- Jonathan will ask MCA to change the numbers as above. **ACTION ITEM**

Meeting closed at 1.07 pm.

Report type:	Committee Information Papers
Recommendation:	That the A & R Committee considers the action items from previous meetings.
Agenda item no:	3
Subject:	Action Items
Responsible for the report:	General Manager

Purpose of report:	To inform the A & R Committee with an update of Action Items from previous meetings
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agenda

A & R COMMITTEE ACTION PLAN

Meeting Date; 27th June 2016

#	ACTION	WHO	WHEN	STATUS
1	Add amended Trustee exit interview strategy to plan and charter	Jonathan	At Governance Charter Review	Pending
2	Risk Register Matrix development – Update to be reported at the Feb meeting	Shelly & Caren	Feb	Ongoing
3	Valuation of Private Equity – Need to consider these well before year financial year end in time for 2017 Audit	Shelly & Jonathan	February 2017	Pending
4	PBE Requirements for 2017 may change for 2017 Year – General Manager to get advice mid 2016	Jonathan	September 2016	Pending
5	Chair of A & R Committee and General Manager to develop a process and timeline for 2017 Audit	Shelly & Jonathan	November 2016	Pending
6	Conflict of Interests declared at a meeting should be added to the Interest Register	Jonathan & Kelie	Ongoing	Noted
7	Work Plan Update	Shelly/Caren	Ongoing	Update from Committee Chair in meetings
8	Request if other Trusts have exit Interview questions	Jonathan	ASAP	Completed- None
9	Suggestion to ask our current auditor to tender for future audit work if the lead auditor was changed. Chair would look at this as an option	Shelly	August 2016	August Agenda Item
10	Renewal/RFP for auditor to be placed on October A & R meeting	Jonathan	Oct 2016	Pending
11	Assessment tool for auditor to be considered and investigated	Shelly & Jonathan	August 2016	August Agenda Item
12	Numbers in MCA reporting do not line up with approved ECCT Budget	Jonathan	ASAP	Completed
11				

Report type:	Operational Reports to the A & R Committee
Recommendation:	The A & R receives and accepts <ol style="list-style-type: none">1. The Financial Report for the period to 31st July 20162. The General Manager's report for the period to 24th July 2016.
Agenda item no:	4
Subject:	General Manager's Report to the A & R Committee
Responsible for the report:	Jonathan Bell

Purpose of report:	To inform the A & R Committee of progress and/or exceptions to the achievement of the 2015/16 Business Plan (inclusive of key Financial performance measures to 31 st July 2016), and other KPI's to 24th July 2016. To flag any items of risk for the Board and to flag any other items of significance to the Board.
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GENERAL MANAGERS REPORT JULY 2016

1.0 Executive Summary

Since the last Trust meeting the following points are noted;

1. Global markets had a reasonable month resulting in a slight lift in our investment portfolios.
2. The PIMCO payment of \$1,183,159 has resulted in their value dropping, this follows similar trends to previous years.
3. Income for the month and YTD is now well ahead of budget.
4. MCA report notes Elevation Capital with a number of investments below the equal weighting target and still holding a sizeable amount of cash. I will discuss with Michael Chamberlain.

2.0 Financial Performance

2.1 Dashboard

The number of red lights has decreased since the last Board meeting in July. Key comments to note are;

2.2 Balance Sheet

- All portfolios had gains for the month apart from PIMCO which made a significant distribution of \$1.18 million.
- Gain for the month was \$2.733 mill, YTD \$3.05 mill
- TD's have increased due to the income from PIMCO and the hedging contract close out in June.
- Please note that Donation creditors sits at \$3.9 mill, the highest since my time as General Manager. Since the end of July we have paid a further \$400k of these. I will comment more fully on this to the Board meeting in September.

2.3 Income

- Realised income for the month was ahead of budget by \$1.3 mill due to PIMCO income.
- YTD Elevation Capital and NZ Bonds have fallen slightly behind budget, I will monitor these and report in September if any concerns.
- Income YTD is ahead of budget by \$1.03 mill.
- Unrealised income YTD is \$2.48 million, compared to this time last year it was \$6.6 million.

2.4 Expenses

- Expenses for the month were slightly lower than budgeted. There are no expenses which are significantly over budget YTD.
- YTD expenses are under budget by \$45k.

2.5 Distributions

- Applications for the upcoming September meeting are 130, slightly lower than the ten year average of approximately 146.
- We have not got the potential budgeted numbers for these so I cannot comment on where we would sit against our forecast budget for that month.

2.6 Hedging

- Attached are the
 - BNZ Hedging Report for end of July showing a positive \$1.025mill position.
 - The MCA Hedging report for 4th August showing a positive \$1.6 mill position.
- The contracts have a maturity date of 16th September, Michael Chamberlain and I will continue to monitor and close out when appropriate.
- Hedging is in place according to policy of;
 - \$36 mill against the USD.

- \$4.5 mill against the Pound
- \$8.8 mill against the Euro
- \$5.7 mill against the AUD

2.7 Capital base

- The capital base graphs are attached.
- We have accrued an amount relating to the latest CPI figures from the Reserve Bank of NZ, this is 0.40% for the first quarter of the year.

2.7 Risk Register

- The key areas of concern to note are;
 - Market Returns – We continue to monitor these and Trustees are aware of the current market volatility.
 - Currency Fluctuations - Hedging contracts are put in place, as per policy, to reduce the impact of currency fluctuation.
 - Cyber Security – I have had further discussions with our IT provider, and we have agreed on the following
 - Provision of a full report on the Cyber hack which occurred two months ago
 - Steps taken to mitigate any further occurrences
 - A further risk analysis of the likelihood of this occurring again and the potential costs to ECCT
 - Once this is completed then Cyber Liability Insurance can be considered by the A & R Committee with a recommendation to the full Board.

3.0 Action Plan

The action plan is attached and it is up to date.

4.0 Auditor Appointment

- Shelly has a paper on the review and rotation of the Auditor for the committee to consider.

5.0 HR































- I have had a meeting with Andrew Morton, GROW HR and we have updated some of the documentation around the hazard register, and developed a working alone policy. Once these have been checked and completed to my satisfaction I will include them in my monthly report to the full board in September.

6.0 Other

- Nothing to report

Jonathan Bell
General Manager
24th July 2016

ECCT MONTHLY FINANCIAL REPORTING DASHBOARD

<u>Month End</u>	<u>Comparison Current Month to Budget</u> 31st July 2016			<u>Comparison YTD to Budget</u> 31st July 2016		
	Actual (000's)	Budget (000's)		Actual (000's)	Budget (000's)	
Total Realised Income	\$ 1.836	\$ 0.529		\$ 3.939	\$ 2.905	
Total Operating Expenses	\$ 0.146	\$ 0.151		\$ 0.595	\$ 0.641	
Net Disposable Investment Income	\$ 1.690	\$ 0.378		\$ 3.344	\$ 2.264	
Donations Approved	\$ 0.983	\$ 0.825		\$ 2.914	\$ 2.424	
Donations Written Back	\$ 0.045	\$ 0.015		\$ 0.049	\$ 0.030	
Surplus After Donations	\$ 0.752	-\$ 0.462		\$ 0.479	-\$ 0.190	
Less Brokerage Fees	-\$ 0.035	\$ -		-\$ 0.051	\$ -	
Hedging Gain/Loss	\$ 0.212	\$ -		\$ 0.847	\$ -	
Unrealised Income	\$ 1.134	\$ -		\$ 2.149	\$ -	
Surplus Income	\$ 2.063	-\$ 0.462		\$ 3.424	-\$ 0.190	
<u>Investments</u>	<u>June 30th Value</u>	<u>July 31st Value</u>	<u>Monthly Change</u> (000's)	<u>YTD Change</u> (000's)	<u>March 31st 2016 Value</u> (000's)	
Equity F Barr	54,716	55,768	1,052 	447 	55,321	
Equity E Capital	47,424	48,243	819 	1,154 	47,089	
NZ Bonds	37,427	37,807	380 	847 	36,960	
O'Seas Bonds	18,761	17,893	-868 	- 594 	18,487	
Own Cash	5,850	7,200	1,350 	1,200 	6,000	
	Total	166,911	2,733	3,054	Total	163,857
Complaints	Nil 			Nil 		

For commentary please

see GM's Report

Not Budgeted For

Not Budgeted For

 Value increased or ahead of budget

 No change

 Value decreased or behind budget

Eastern & Central Community Trust
Statement of Financial Position
As at 31 July, 2016

	Actual	Last Year
<u>Trust Funds</u>		
Surplus Income	3,424,717	1,165,850
General Reserves	163,498,579	162,332,729
Total Trust Funds	166,923,297	163,498,579
<u>Current Assets</u>		
Petty Cash	41	66
Current	13,863	252,196
Imprest	1,156	1,050
Call	1,476,667	487,745
Conference Current 2016	-	22,752
Sundry Debtors	18,515	25,093
Total Current Assets	1,510,243	788,902
<u>Investment Assets</u>		
New Zealand		
Shares Forsyth Barr	55,768,460	55,320,573
Shares Elevation Capital	48,243,420	47,088,886
Hedging Contracts NZ	1,025,030	178,217
Cash Self Term Deposits	7,200,000	6,000,000
Bonds Self	37,807,155	36,960,191
Te Kete Putea Ltd Partnership	54,394	54,394
Private Equity Pioneer Capital	1,309,302	1,216,822
Private Equity - Waterman Fund	150,000	-
Private Equity - Morrisons	59,150	-
Total New Zealand Investments	151,616,912	146,819,083
Overseas		
Bonds Pimco	17,892,577	18,486,729
Total Overseas Investments	17,892,577	18,486,729
Total Current and Investment Assets	171,019,731	166,094,714
<u>Fixed Assets</u>		
Fixed Assets at Cost	183,401	181,303
Accumulated Depreciation	(156,184)	(152,495)
Total Fixed Assets	27,217	28,808
Total Assets	171,046,948	166,123,522
<u>Current Liabilities</u>		
Donation Creditors	3,956,546	2,444,267
Trade Creditors	96,681	99,226
Creditor Accruals	70,425	81,450
Total Current Liabilities	4,123,652	2,624,943
Net Assets	166,923,297	163,498,579

EASTERN & CENTRAL COMMUNITY TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 4 PERIODS ENDING 31 July 2016

<u>Income</u>	<u>Actual</u>	<u>Current Month</u>		<u>Actual</u>	<u>Year To Date</u>		<u>Full Year</u>	
		<u>Budget</u>	<u>Last year</u>		<u>Budget</u>	<u>Last year</u>	<u>Budget</u>	<u>Last Year</u>
<u>Realised Investment Income</u>								
Shares FBarr Interest	586	700	1,402	8,498	4,200	19,062	10,000	31,168
Shares FBarr Dividend	413,532	135,000	128,985	906,558	765,000	751,386	1,882,500	1,751,752
Shares ECap Interest	1,227	900	3,762	3,651	3,400	13,232	10,000	30,327
Shares ECap Dividend	149,134	135,000	142,818	694,702	775,000	826,380	1,803,750	1,930,940
Bonds Self Interest	70,496	90,000	92,128	750,611	820,000	863,605	2,200,000	2,370,416
Cash Self Realised Income	17,940	18,000	22,040	68,936	68,000	94,139	201,000	244,636
Sundry Income	0	0	0	0	0	0	170	220
	<u>652,915</u>	<u>379,600</u>	<u>391,136</u>	<u>2,432,955</u>	<u>2,435,600</u>	<u>2,567,804</u>	<u>6,107,420</u>	<u>6,359,459</u>
<u>Overseas</u>								
Shares SSAG Dividend	0	0	0	0	0	0	0	0
Bonds Fimco Interest	1,183,159	150,000	128,440	1,506,677	470,000	477,044	1,080,000	700,336
	<u>1,183,159</u>	<u>150,000</u>	<u>128,440</u>	<u>1,506,677</u>	<u>470,000</u>	<u>477,044</u>	<u>1,080,000</u>	<u>700,336</u>
<u>Total Realised Investment Income</u>	<u>1,836,074</u>	<u>529,600</u>	<u>519,576</u>	<u>3,939,632</u>	<u>2,905,600</u>	<u>3,044,848</u>	<u>7,187,420</u>	<u>7,059,794</u>
<u>Expenses</u>								
<u>Administration Expenses</u>								
Advertising- Statutory	9,836	12,000	17,890	12,998	22,000	28,371	34,000	40,646
Promotion	681	6,000	58	13,015	37,000	17,294	50,000	26,252
Rent & Services	8,396	9,000	8,357	43,743	47,000	43,646	115,000	106,290
Telephone	1,281	1,200	0	5,177	4,600	3,458	14,000	14,528
Postage	423	180	170	1,233	900	894	4,000	3,493
KiwiSaver Net Contributions	1,343	1,280	1,272	5,217	5,060	5,071	16,000	16,848
Printing & Stationery	773	700	741	5,006	4,600	3,808	13,000	10,431
Insurance	0	2,000	2,346	2,244	6,000	6,309	6,000	5,387
General Expenses	1,111	600	611	1,554	1,230	1,261	3,000	2,927
Computer Services	5,417	2,000	12,145	20,393	28,200	42,492	67,000	89,767
Staff Remuneration	37,557	34,000	37,986	140,911	136,000	143,574	436,000	432,391
Staff Training	823	0	0	1,500	1,600	1,383	7,000	3,680
Staff Travel	480	1,000	861	4,860	7,300	7,041	24,000	20,192
Acc Levies	1,075	1,700	1,660	1,075	1,700	1,660	1,700	1,660
	<u>69,195</u>	<u>71,660</u>	<u>84,097</u>	<u>258,925</u>	<u>303,190</u>	<u>306,260</u>	<u>790,700</u>	<u>774,492</u>

	<u>Current Month</u>			<u>Year To Date</u>			<u>Full Year</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Last year</u>	<u>Actual</u>	<u>Budget</u>	<u>Last year</u>	<u>Budget</u>	<u>Last Year</u>
Trustee Expenses								
Trustee Remuneration	13,253	14,500	13,177	53,533	58,000	52,708	175,000	171,291
Meeting Expenses	1,405	3,100	3,149	3,048	19,200	19,037	65,000	52,662
Trustee Accommodation	2,981	0	0	3,872	0	0	0	0
Trustee Mileage	1,843	0	0	7,185	0	0	0	0
Trustee Meals/ Catering expenses	2,218	0	0	3,613	0	0	0	0
Trustee Vehicle rental	730	0	0	2,555	0	0	0	0
Trustee Training	1,663	0	443	1,663	3,000	1,405	12,000	1,405
Liability Insurance	0	0	0	0	0	0	12,715	10,034
	<u>24,092</u>	<u>17,600</u>	<u>16,769</u>	<u>75,468</u>	<u>80,200</u>	<u>73,150</u>	<u>264,715</u>	<u>235,392</u>
Fee Expenses								
Affiliation Fees	6,325	0	6,325	6,325	7,000	6,325	7,000	6,325
Conference Fees	0	0	0	25,001	30,000	16,719	30,000	16,719
Donation Expenses	0	3,000	1,542	8,836	6,000	2,447	20,000	10,669
Professional Expenses	6,035	10,000	9,831	48,895	42,000	26,561	90,000	88,807
CSI Expenses	250	10,000	0	11,750	24,000	0	30,000	0
Audit Fees	1,950	0	0	7,500	6,500	4,749	20,000	20,272
Custodian Fees	4,144	2,000	2,057	15,096	13,100	12,809	60,000	55,690
Fund Management Fees	33,562	37,000	37,100	134,459	130,000	130,974	370,000	395,348
	<u>52,266</u>	<u>62,000</u>	<u>56,855</u>	<u>257,863</u>	<u>258,600</u>	<u>200,583</u>	<u>627,000</u>	<u>593,830</u>
Depreciation	817	0	1,156	3,689	0	4,623	0	12,889
Amortisation	0	0	0	0	0	0	0	18,131
Profit/Loss on Disposal of Fixed Assets	0	0	0	0	0	0	0	147
	<u>817</u>	<u>0</u>	<u>1,156</u>	<u>3,689</u>	<u>0</u>	<u>4,623</u>	<u>0</u>	<u>31,167</u>
Total Operating Expenses	<u>146,371</u>	<u>151,260</u>	<u>158,877</u>	<u>595,946</u>	<u>641,990</u>	<u>584,615</u>	<u>1,682,415</u>	<u>1,634,880</u>
Net Disposable Investment Income	<u>1,689,704</u>	<u>378,340</u>	<u>360,699</u>	<u>3,343,686</u>	<u>2,263,610</u>	<u>2,460,233</u>	<u>5,505,005</u>	<u>5,424,914</u>
Donations								
Community Donations								
Special Donations	545,000	345,000	315,000	1,278,500	810,000	672,500	2,900,000	2,978,600
Standard Donations	438,446	480,000	463,740	764,296	850,000	813,760	1,941,005	1,885,627
Discretionary Donations	0	0	0	0	0	0	0	0
Education Initiatives	0	0	0	305,000	174,000	93,500	174,000	93,500

	<u>Current Month</u>			<u>Year To Date</u>			<u>Full Year</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Last year</u>	<u>Actual</u>	<u>Budget</u>	<u>Last year</u>	<u>Budget</u>	<u>Last Year</u>
Sports Trusts	0	0	340,000	340,000	340,000	340,000	340,000	340,000
Summer Reading Programme	0	0	0	226,000	250,000	250,000	250,000	250,000
	983,446	825,000	1,118,740	2,913,796	2,424,000	2,169,760	5,605,005	5,547,727
Regional Project Reserve Fund	0	0	0	0	0	0	0	0
Less Donation Written Back	-45,721	15,000	-535	-48,888	30,000	-216,893	100,000	-352,808
	937,725	0	840,000	2,864,908	2,454,000	1,952,867	5,505,005	5,194,919
Surplus From Investment Income After D	751,979	-461,660	-757,507	478,778	-190,390	507,366	0	229,995
<u>Realised Non Investment Income/ Expenditure</u>								
<u>New Zealand</u>								
Shares FBarr Disposal Gain/Loss	0	0	0	0	0	0	0	0
Shares ECap Disposal Gain/Loss	0	0	0	0	0	0	0	0
Property NZ Disposal Gain/Loss	0	0	0	0	0	0	0	0
Brokerage Fees	-34,542	0	-5,647	-50,709	0	-134,253	0	-321,262
Hedging Gain/Loss	0	0	0	1,086,954	0	251,093	0	-2,467,071
Donds Disposal Gain/Loss	0	0	0	0	0	0	0	0
	-34,542	0	-5,647	1,036,244	0	116,839	0	-2,788,333
<u>Unrealised Investment Income</u>								
<u>New Zealand</u>								
Shares FBarr Change in Currency	-291,224	0	585,226	-2,421,284	0	5,769,373	0	4,371,624
Shares FBarr Change in Value	1,129,447	0	2,092,773	2,674,635	0	-716,573	0	-999,699
Shares ECap Change in Currency	-337,761	0	708,704	-2,565,383	0	5,949,201	0	3,472,292
Shares ECap Change in Value	1,177,930	0	443,256	3,831,869	0	-2,261,182	0	-2,749,695
Hedging Change in Value	211,958	0	-229,987	846,813	0	-2,388,991	0	-625,895
Bonds Self Change in Interest	97,386	0	99,766	-11,517	0	-53,834	0	-20,611
Bonds Self Change in Value	221,167	0	185,181	126,620	0	306,062	0	123,981
	2,208,903	0	3,884,920	2,481,755	0	6,604,054	0	3,571,996
<u>Overseas</u>								
Bonds Fimo Change in Value	-863,065	0	72,179	-572,060	0	-608,078	0	50,869
	-863,065	0	72,179	-572,060	0	-608,078		50,869
	1,311,296	0	3,951,451	2,945,939	0	6,112,816	0	834,532
	2,063,274	-461,660	3,193,944	3,424,717	-190,390	6,620,182	0	1,064,527

31 JULY 2016.

Committment Schedule

<u>Client</u> <u>Number</u>	<u>Client Name</u>	<u>Request</u> <u>Number</u>	<u>Date</u> <u>Approved</u>	<u>Balance</u> <u>Remaining</u>
Eastern And Central				
5,593	Marotiri Kohango Reo	23553	22-May-14	3,500.00
7,576	Cross Creek Railway Society Incorporated	23802	27-Nov-14	15,000.00
6,512	Hawke's Bay Regional Sports Park Trust	23986	27-Nov-14	60,000.00
4,321	South Wairarapa District Council	24151	26-Mar-15	200,000.00
7,403	New Zealand Red Cross	24182	26-Mar-15	6,000.00
1,200	Young Men's Christian Assn - Gisborne Inc	24176	28-May-15	20,000.00
7,672	Study to Succeed - Tongan Homework Club	24248	28-May-15	3,000.00
1,828	Pahiatua School	24282	28-May-15	5,000.00
7,320	Petane Marae	24383	30-Jul-15	51,500.00
4,174	Tauparanui Ki Heretaunga Te Kohanga Reo	24432	30-Jul-15	3,500.00
803	Pahiatua Community Services Trust	24466	30-Jul-15	4,000.00
574	Keirunga Gardens Arts and Crafts Society Inc	24298	24-Sep-15	20,000.00
3,052	Horowhenua District Council	24374	24-Sep-15	170,000.00
7,705	Te Hau ki Turanga Trust	24489	24-Sep-15	50,000.00
537	Hohepa Homes Trust Board	24532	24-Sep-15	18,000.00
4,061	Wairoa District Heritage and Museum Trust	24558	24-Sep-15	20,000.00
6,012	Sustaining Hawke's Bay Trust	24562	24-Sep-15	15,000.00
6,383	Horizons Regional Council	24563	24-Sep-15	20,000.00
3,049	Horowhenua Agricultural Pastoral & Industrial Assn	24610	24-Sep-15	20,000.00
7,715	Carterton Community Courthouse Trust	24457	26-Nov-15	20,000.00
4,997	Whiti Te Ra Marae Maori Reservation	24509	26-Nov-15	3,100.00
7,729	Wildbase Recovery Community Trust	24545	26-Nov-15	250,000.00
1,093	The Salvation Army New Zealand Trust	24560	26-Nov-15	80,000.00
2,662	Central Hawke's Bay Agricultural & Pastoral Society	24643	26-Nov-15	10,000.00
634	Mana Tamariki Incorporated Society	24649	26-Nov-15	2,000.00
7,751	The Tapestry Trust of New Zealand	24652	26-Nov-15	2,500.00
703	Scout Association - Milson Scout Group	24655	26-Nov-15	3,500.00
6,952	EnsembleImpact Educational Trust	24695	26-Nov-15	2,000.00
5,711	Gisborne Free Kindergarten Association Inc	24699	26-Nov-15	15,000.00
240	Cobblestone Trust	24717	26-Nov-15	12,000.00
7,769	Lions Club of Gisborne Wainui Inc	24723	26-Nov-15	50,000.00
3,191	Manawatu Pony Club Inc	24738	26-Nov-15	4,000.00
2,639	Campion College	24764	26-Nov-15	5,000.00
4,750	Gisborne Land Search and Rescue Charitable Trust	24766	26-Nov-15	4,000.00
7,588	Equippers Napier Trust	24752	27-Nov-15	1,500.00
1,650	Alzheimers Society Napier Inc	24794	28-Jan-16	17,000.00
7,753	Ashhurst Community Trust	24803	28-Jan-16	30,000.00
168	Bledisloe School	24818	28-Jan-16	5,000.00
5,178	Gisborne District Council	24826	28-Jan-16	180,000.00
7,539	Turanganui A Kiwa Voyaging Trust	24013	31-Mar-16	150,000.00
5,142	Te Kawanu Rugby Football Club Inc	24458	31-Mar-16	13,000.00
4,665	Horowhenua Kapiti Rugby Football Union Inc	24622	31-Mar-16	40,000.00
312	FAHS - Feilding High School	24841	31-Mar-16	3,400.00
3,297	Napier Operatic Society Inc	24846	31-Mar-16	30,000.00
6,447	St John's Presbyterian Church - Hastings	24858	31-Mar-16	3,500.00
7,802	Schizophrenia Fellowship Wairarapa Branch Incorporated	24863	31-Mar-16	2,000.00
728	Hawke's Bay Parents' Centre Inc	24872	31-Mar-16	3,500.00
891	Regent Theatre Trust	24886	31-Mar-16	30,000.00
5,039	Takapau Golf Club	24899	31-Mar-16	4,000.00
7,713	Eketahuna Youth Trust	24459	26-May-16	40,000.00

<u>Client</u> <u>Number</u>	<u>Client Name</u>	<u>Request</u> <u>Number</u>	<u>Date</u> <u>Approved</u>	<u>Balance</u> <u>Remaining</u>
5,469	Poupatate Marae	24830	26-May-16	20,000.00
1,751	Nelson Park School	24897	26-May-16	11,500.00
860	Poroutawhao School	24910	26-May-16	15,000.00
3,289	Napier Marist Football Club Inc	24914	26-May-16	4,000.00
5,452	The Parenting Place	24940	26-May-16	16,000.00
110	Alzheimers Society Hastings Inc	24963	26-May-16	20,000.00
4,233	Central Hawke's Bay District Community Trust	24964	26-May-16	140,000.00
4,262	Life Education Trust - Wairarapa & Southern Hawke's Bay	24966	26-May-16	20,000.00
1,861	Porangahau Primary School	24967	26-May-16	15,000.00
7,340	Pascal Street Community Trust	24979	26-May-16	50,000.00
5,894	Hawke's Bay Regional Council	24986	26-May-16	40,000.00
7,675	Connected Media Charitable Trust	24987	26-May-16	15,000.00
7,847	Adult Literacy Trust	24989	26-May-16	1,600.00
6,658	Horowhenua Kids Teens & Family Trust	24991	26-May-16	25,000.00
1,493	Creative Hastings Inc	24992	26-May-16	25,000.00
4,851	Wellington Regional Sports Education Trust	24994	26-May-16	15,000.00
3,627	St John's College	25028	26-May-16	4,500.00
7,735	Ngāi Tumapūhia-a-Rangi ki Mōtūwairaka Inc	25031	26-May-16	40,000.00
7,845	Bring it to Colombo Trust	25032	26-May-16	175,000.00
7,852	Order of St John - Wairarapa	25034	26-May-16	15,000.00
6,245	National Science Technology Roadshow Trust Board	24836	27-May-16	140,000.00
2,118	Wairarapa Rural Education Activities Programme	24905	27-May-16	105,000.00
4,851	Wellington Regional Sports Education Trust	25039	27-May-16	61,320.00
982	Eastland Sports Foundation Education Trust	25040	27-May-16	66,440.00
3,202	Sport Manawatu Charitable Trust	25041	27-May-16	106,120.00
3,013	Sport Hawke's Bay	25042	27-May-16	106,120.00
2,343	Ngata Memorial College	24915	28-Jul-16	40,000.00
305	Eskview Tennis Club	24919	28-Jul-16	30,000.00
4,428	Greendale Tennis Club Inc	24944	28-Jul-16	40,000.00
7,834	It Takes Time	24947	28-Jul-16	2,000.00
7,844	Poverty Bay Blues Club	24968	28-Jul-16	2,000.00
1,881	Queen Elizabeth College	24990	28-Jul-16	20,000.00
5,974	Wairarapa Rural Fire District	25000	28-Jul-16	35,000.00
4,886	Maraenui Golf Club Inc	25043	28-Jul-16	4,000.00
7,372	U3A Manawatu Incorporated	25045	28-Jul-16	1,500.00
6,499	NZ Federation of Family Budgeting Services Inc	25046	28-Jul-16	4,000.00
3,467	Phoenix Inc. - Palmerston North	25049	28-Jul-16	4,000.00
4,814	RMH (Ronald McDonald House) Auckland Trust	25050	28-Jul-16	4,000.00
7,351	Age Concern - Horowhenua	25051	28-Jul-16	1,000.00
6,853	Kiwi Adventure Trust	25052	28-Jul-16	10,000.00
3,578	Samaritans Manawatu Inc	25053	28-Jul-16	4,000.00
181	Camellia House Trust	25055	28-Jul-16	3,300.00
5,077	Central Districts Cricket Assn Inc	25056	28-Jul-16	4,000.00
474	Havelock North Pony Club Inc	25057	28-Jul-16	2,600.00
5,514	Arohanui Christian Trust	25058	28-Jul-16	10,000.00
6,736	Canteen - East Cape Branch	25060	28-Jul-16	4,000.00
226	Citizens Advice Bureau - Gisborne	25061	28-Jul-16	3,000.00
3,117	Levin Basketball Association Inc	25062	28-Jul-16	4,000.00
7,383	NZ Howard League for Penal Reform Inc	25063	28-Jul-16	4,000.00
1,936	Ryder Cheshire Foundation	25064	28-Jul-16	4,000.00
7,859	Taradale Super Grans Marching Team	25065	28-Jul-16	4,000.00
6,029	Wairarapa Community Centre Trust	25067	28-Jul-16	4,000.00
3,962	Wairarapa Mathematical Association Inc	25068	28-Jul-16	1,900.00
982	Eastland Sports Foundation Education Trust	25069	28-Jul-16	30,000.00
6,282	Tairāwhiti Beneficiary Advocacy Trust	25070	28-Jul-16	4,000.00
108	Across - Te Kotahitanga O Te Wairua	25072	28-Jul-16	4,000.00
2,164	Levin Christian Care Trust	25073	28-Jul-16	4,000.00
1,314	Central Connect Whare Manaaki Inc	25074	28-Jul-16	4,000.00
769	Wairarapa Branch of NZ Society of Genealogists	25075	28-Jul-16	2,000.00
6,667	Horowhenua District Health Transportation Trust	25076	28-Jul-16	3,500.00

<u>Client</u> <u>Number</u>	<u>Client Name</u>	<u>Request</u> <u>Number</u>	<u>Date</u> <u>Approved</u>	<u>Balance</u> <u>Remaining</u>
229	Citizens Advice Bureau - Napier	25077	28-Jul-16	4,000.00
6,855	Project Litefoot Trust	25078	28-Jul-16	4,000.00
4,236	Cornwall Cricket Club (Hastings) Inc	25079	28-Jul-16	15,000.00
1,217	Access Radio Wairarapa Charitable Trust	25080	28-Jul-16	4,000.00
6,399	Manawatu Chinese Community Trust	25081	28-Jul-16	4,000.00
4,624	Napier Golf Club Inc	25082	28-Jul-16	10,000.00
863	Poukawa School	25083	28-Jul-16	20,000.00
725	Napier Girls' High School	25084	28-Jul-16	3,000.00
2,653	Carter Society Inc	25085	28-Jul-16	10,000.00
3,228	Marewa Croquet Club Inc	25087	28-Jul-16	10,000.00
570	Kairanga School	25088	28-Jul-16	8,000.00
5,535	Radio Ngati Porou Charitable Trust	25091	28-Jul-16	4,000.00
7,871	Sisterson Lagoon Restoration Trust	25092	28-Jul-16	3,000.00
1,038	Tamatea High School	25093	28-Jul-16	5,000.00
7,343	Wairoa Young Achievers Trust	25095	28-Jul-16	40,000.00
5,137	Waiapu Anglican Social Services Trust Board	25096	28-Jul-16	40,000.00
4,865	Life Education Trust - Kapiti/Horowhenua	25097	28-Jul-16	12,000.00
7,864	Tairāwhiti Connex Charitable Trust	25098	28-Jul-16	120,000.00
4,394	Netball Manawatu Centre Inc	25100	28-Jul-16	4,000.00
6,262	Hawke's Bay Event Equipment Trust	25101	28-Jul-16	4,000.00
7,703	English Language Partners NZ Trust	25103	28-Jul-16	4,000.00
6,811	Plant to Plate Aotearoa	25104	28-Jul-16	4,000.00
5,618	Hawke's Bay Live Poets' Society	25105	28-Jul-16	1,000.00
4,984	Central Squash Assn Inc	25106	28-Jul-16	4,000.00
5,947	Central Districts Dressage Group	25108	28-Jul-16	4,000.00
2,475	Te Kawau Playcentre	25109	28-Jul-16	2,400.00
644	Manawatu Lesbian & Gay Rights Association	25110	28-Jul-16	2,000.00
3,939	Tennis Manawatu Inc	25111	28-Jul-16	4,000.00
4,117	Solway College	25112	28-Jul-16	2,000.00
7,623	Manawatu District Neighbourhood Support Inc	25113	28-Jul-16	2,000.00
7,612	Eventing Central & Southern Hawke's Bay	25114	28-Jul-16	2,496.00
6,993	Sportslink Charitable Trust	25115	28-Jul-16	10,000.00
6,322	Supergrans Tairāwhiti Trust	25116	28-Jul-16	4,000.00
3,202	Sport Manawatu Charitable Trust	25117	28-Jul-16	9,000.00
1,468	Gisborne Pain and Terminal Care Trust	25118	28-Jul-16	4,000.00
6,878	Environment Network Manawatu Inc.	25119	28-Jul-16	4,000.00
2,902	Gisborne Unity Theatre Inc	25120	28-Jul-16	3,000.00
6,944	NZ Down Syndrome Association	25121	28-Jul-16	4,000.00
989	Levin Interchurch Foodbank	25122	28-Jul-16	4,000.00
555	Housing Advice Centre	25123	28-Jul-16	3,000.00
130	Amesbury Christian Counselling Services Inc	25124	28-Jul-16	4,000.00
2,800	Feilding Golf Club Inc	25125	28-Jul-16	4,000.00
7,527	Deco Bay Brass Inc	25126	28-Jul-16	4,000.00
1,748	Napier Women's Refuge Inc	25127	28-Jul-16	2,600.00
6,918	Hawke's Bay Woodworking Education Trust	25128	28-Jul-16	3,000.00
5,439	Burlington Marching Teams	25129	28-Jul-16	2,700.00
2,248	Pukehou School	25130	28-Jul-16	20,000.00
3,788	Waipukurau Golf Club Inc	25131	28-Jul-16	2,100.00
123	Air Training Corps - No 14 Squadron	25132	28-Jul-16	3,000.00
459	Hastings Harrier Club Inc	25133	28-Jul-16	3,400.00
7,872	Swim Hawke's Bay	25135	28-Jul-16	2,500.00
638	Te Manawa Museums Trust	25136	28-Jul-16	4,000.00
3,220	Maraekakaho Early Childhood Centre Trust	25137	28-Jul-16	3,500.00
493	Hawke's Bay Cricket Association	25138	28-Jul-16	4,000.00
7,692	RECAP: Society for the Resilience and Engagement of th	25139	28-Jul-16	4,000.00
7,580	Storytime Foundation	25140	28-Jul-16	4,000.00
301	Enterprise Aquatic Swim Team Inc	25141	28-Jul-16	4,000.00
4,667	Literacy Wairarapa Incorporated	25142	28-Jul-16	4,000.00
1,545	Positive Ageing Trust Hawke's Bay	25143	28-Jul-16	4,000.00
734	Napier Technical Old Boys' Cricket Club	25144	28-Jul-16	4,000.00

<u>Client</u> <u>Number</u>	<u>Client Name</u>	<u>Request</u> <u>Number</u>	<u>Date</u> <u>Approved</u>	<u>Balance</u> <u>Remaining</u>
7,376	Wairarapa Arts Festival Trust	25146	28-Jul-16	4,000.00
218	Central Hawke's Bay Parents' Centre	25147	28-Jul-16	2,500.00
2,263	Wairarapa Tennis Association Inc	25148	28-Jul-16	4,000.00
5,310	Oasis Charitable Trust - Wairarapa	25149	28-Jul-16	4,000.00
117	Age Concern - Hastings	25150	28-Jul-16	8,000.00
829	Palmerston Nth Women's Health Collective Inc	25151	28-Jul-16	4,000.00
6,777	Tangata Whenua Community & Voluntary Sector Research	25152	28-Jul-16	4,000.00
5,694	Royal New Zealand Ballet	25153	28-Jul-16	8,000.00
157	Ballance School	25154	28-Jul-16	2,700.00
7,609	Incredible Families	25155	28-Jul-16	4,000.00
1,493	Creative Hastings Inc	25156	28-Jul-16	4,000.00
7,474	Gisborne Bandroom Incorporated	25157	28-Jul-16	4,000.00
681	Masterton Amateur Theatrical Society Inc	25159	28-Jul-16	3,000.00
1,422	Frimley School	25160	28-Jul-16	5,000.00
5,062	King Street Artworks Inc	25161	28-Jul-16	4,000.00
7,030	Alliance Francaise de Palmerston North Inc	25162	28-Jul-16	4,000.00
4,224	Koputaroa Hall Society Inc	25163	28-Jul-16	650.00
6,846	Bike Manawatu Inc.	25164	28-Jul-16	4,000.00
275	Scout Association - Dannevirke Scout/Cub Group	25165	28-Jul-16	3,000.00
7,875	Student Communication & Safe Practices Charitable Trust	25166	28-Jul-16	5,000.00
1,655	Makirikiri Marae Komiti	25168	28-Jul-16	4,000.00
243	William Colenso College	25169	28-Jul-16	5,000.00
4,420	Bowls Omarunui Inc	25170	28-Jul-16	4,000.00
7,588	Equippers Napier Trust	25172	28-Jul-16	10,000.00
7,866	Manawatu Bangalee Society Inc	25173	28-Jul-16	700.00
6,045	Life Flight Trust	25174	28-Jul-16	25,000.00
7,674	Ka Pai Kaiti Trust	25175	28-Jul-16	18,000.00
7,863	Te Roopu Oranga O Highbury	25177	28-Jul-16	1,400.00
3,867	Wharerangi Marae Trust	25178	28-Jul-16	40,000.00
7,820	Paul Henare & Paora Winitana Basketball Academy Trust	25179	28-Jul-16	4,000.00
Total for Eastern And Central				3,956,546.00
Report Totals				3,956,546.00

Eastern & Central Community Trust

In the following table Bank of New Zealand sets out the mark to market value[s] of the transaction[s] stipulated in the request from the Customer on the bases set out in that request

Market Value Date

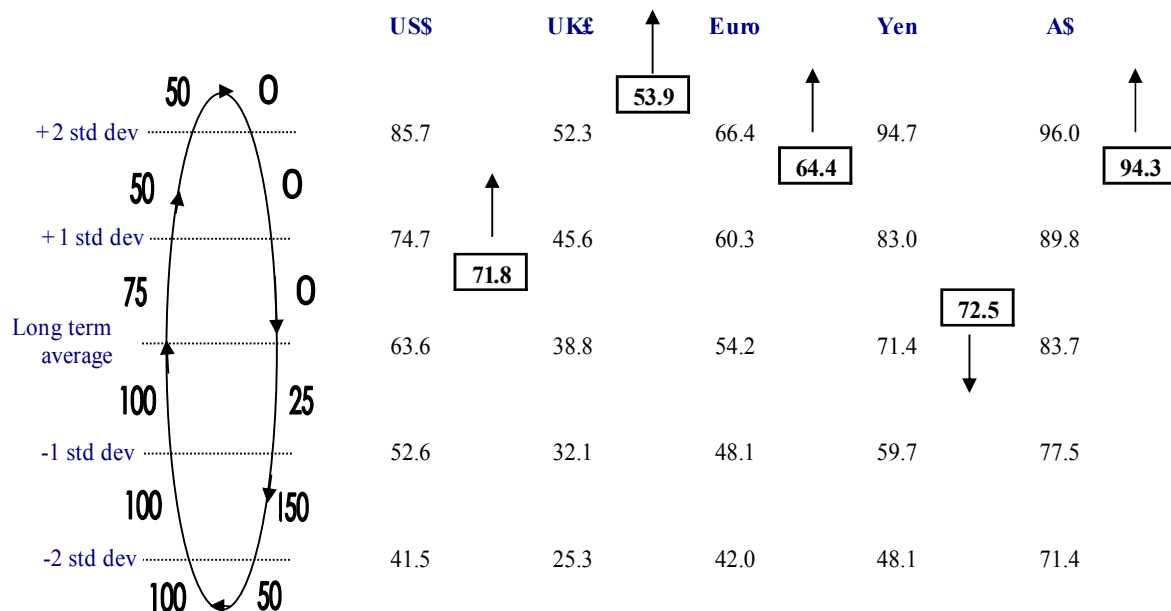
Friday, 29 July 2016

External Deal Ref	Cust Buy Ccy	Cust Buy Amount	Cust Sell Ccy	Cust Sell Amount	Deal Rate	Maturity Date	Reval Rate	MTM Value (NZD)	Spot Rate
CB320359	NZD	24,000,000.00	USD	16,768,080.00	0.698670	16-Sep-16	0.709340	360,278.80	0.710800
CB320360	NZD	4,500,000.00	GBP	2,222,550.00	0.493900	16-Sep-16	0.537624	364,949.19	0.539138
CB320361	NZD	8,800,000.00	EUR	5,469,200.00	0.621500	16-Sep-16	0.638365	231,575.12	0.640880
CB320362	NZD	5,700,000.00	AUD	5,425,260.00	0.951800	16-Sep-16	0.942861	-54,005.78	0.943411
CB325631	NZD	12,000,000.00	USD	8,425,200.00	0.702100	16-Sep-16	0.709340	122,232.81	0.710800
Total								1,025,030.15	



Eastern & Central Community Trust

Equities currency hedging contract position at 4 August 2016



	US\$	UK£	Euro	Yen	A\$
Current exchange rate	0.7180	0.5385	0.6439	72.48	0.9425
Policy position (from the above graph)	75%	50%	50%	0%	50%
Current position	75%	50%	50%	0%	50%

Exposure as at 30 June 2016

Forsyth Barr	25.15	3.07	10.68		5.89
Elevation Capital	22.76	5.95	7.58		5.11
Total	47.92	9.03	18.26		11.00

Target cover at 04 Aug 16 (\$m)	35.9	4.5	9.1	0.0	5.5
Current contract cover	36.00	4.500	8.800		5.700
Strike rate purchased	0.6998	0.4939	0.6215		0.9518
Target minus current contract cover =	-0.1	0.0	0.3	0.0	-0.2

Contract surplus (deficit) (\$m)	\$0.94	\$0.41	\$0.32	\$0.00	(\$0.06)
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Total current contract surplus (deficit) = 1,603,395.00

Historical hedging actions

15 Jun 2016 - 75% hedged to US\$, 50% to UKP, EUR and AUD; 0% to Yen; maturity 16 Sep 2016.

18 Apr 2016 - 50% hedged to US\$, UKP and EUR; 0% to AUD and Yen; maturity 17 Jun 2016.

18 Mar 2016 - 50% hedged to UKP, US\$; 75% hedged to EUR; 0% to AUD and Yen; maturity 17 Jun 2016.

29 Dec 2015 - 50% hedged to US\$, AUD and UKP; 25% hedged to EUR; 0% to Yen; maturity 18 Mar 2016.

Notes

USD is used to hedge the currencies of USA, Brazil, Thailand, Malaysia & Hong Kong. Euro is used to hedge the Euro, Norwegian and Swiss currencies.

The hedging contract for overseas bonds is excluded from this report.

E&CCT ASSET ALLOCATION

AS AT 31st JULY 2016

CURRENT ASSETS

LIABILITIES

CAPITAL BASE

RESERVES

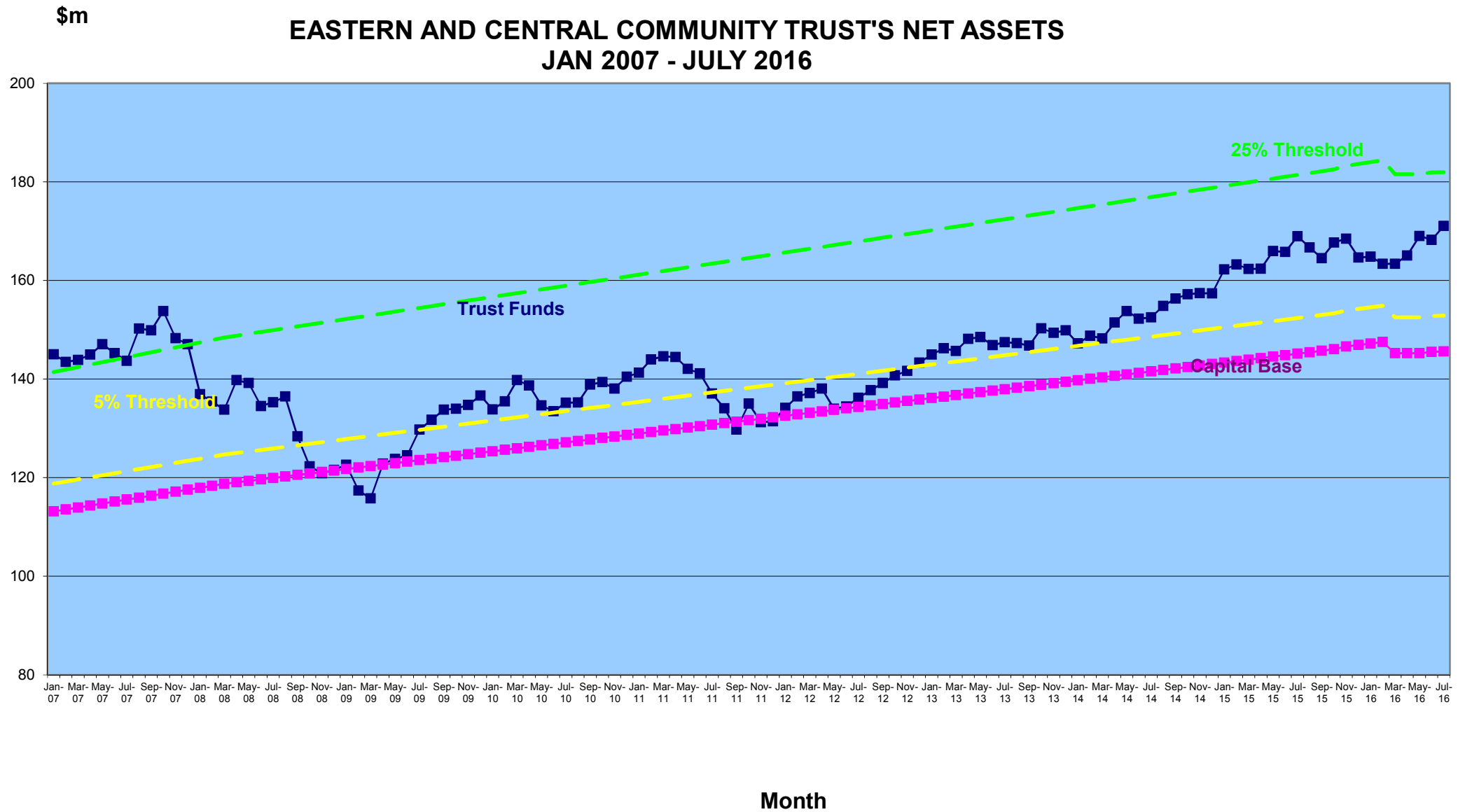
$$\begin{array}{ccccccc}
 \text{\textcolor{blue}{\$171.0m}} & - & \text{\textcolor{red}{\$4.12m}} & = & \text{\textcolor{yellow}{\$145.58m}} & + & \text{\textcolor{lightgreen}{\$21.3 m}}
 \end{array}$$

Benchmark (For Capital Base + maximum 25% in reserves)		Allowable Range	Tactical Target Updated 25th January 2013	Actual Value \$m	Percentage of Current Assets	Percentage Variance from target	Variance from tactical target
60%	GROWTH ASSETS	50 - 65%	60%	\$105.5	61.7%	1.7%	\$2.9
30.0%	Shares Forsyth Barr	22.5% - 37.5%	30.0%	\$55.8	32.6%	2.6%	\$4.5
30.0%	Shares Elevation Capital	22.5% - 37.5%	30.0%	\$48.2	28.2%	-1.8%	-\$3.1
0%	Private Equity	0% - 10%	0%	\$1.5	0.9%	0.9%	\$1.5
35%	INCOME ASSETS	25 - 45%	35%	\$55.7	32.6%	-2.4%	-\$4.2
27.5%	NZ Bonds	20 - 35%	27.5%	\$37.8	22.1%	-5.4%	-\$9.2
7.5%	Overseas Bonds	5% - 10%	7.5%	\$17.9	10.5%	3.0%	\$5.1
5%	LIQUID ASSETS	2 - 10%	5%	\$9.8	5.7%	0.7%	\$1.2
5%	Self-managed Cash (Incl Hedges & TKP)	2 - 10%	5%	\$9.8	5.7%	0.7%	\$1.2
100%	TOTAL		100%	\$171.0	100.0%		\$0.0

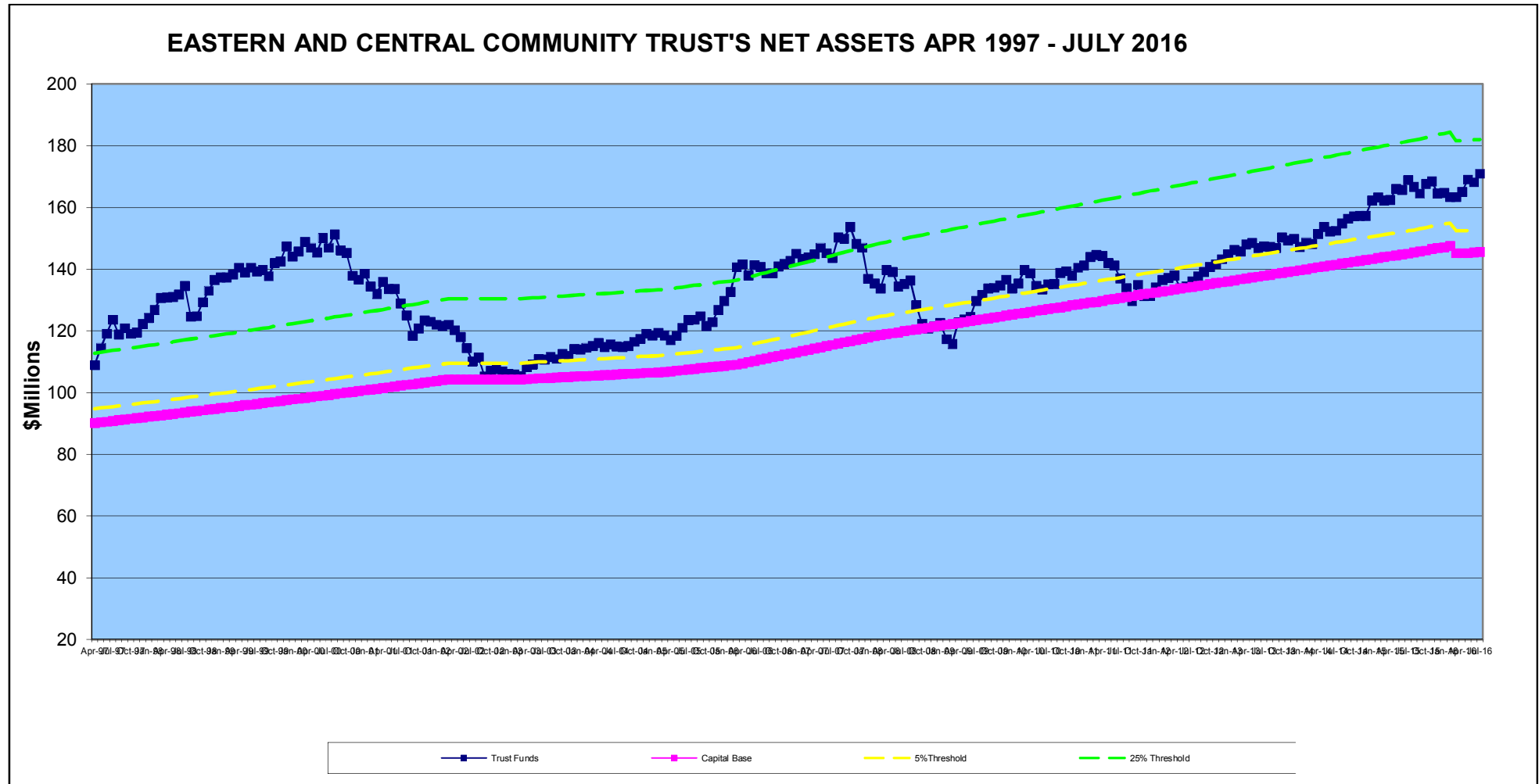
Benchmark Allocation –The benchmark allocation reflects the long-term views of the asset structures likely to generate the required investment return to meet the primary objectives. The benchmark allocation assumes a hypothetical “neutral environment”, i.e. one in which the Trustees do not have a tactical view that one asset class should be favoured over another or that special action should be undertaken.

Allowable Range -These reflect the normal minimum and maximum holdings for an asset class. The ranges exist to allow for normal market movement so that the Trustees can minimise transaction costs and for short-term tactical decisions.

Tactical Target -This allows the Trustees to exercise a tactical view to favour one asset class over another, e.g. more into fixed interest, less into shares in times of high interest rates, while remaining within the “allowable range” for that asset class. Trustees will re-examine the “tactical target” where the variation between the “tactical target” and the Actual situation is plus or minus 5%.



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Report type:	Committee Information Papers
Recommendation:	That the A & R Committee receives and notes the update from the Chair on the Risk Register Review and update.
Agenda item no:	5
Subject:	Risk Register
Responsible for the report:	Chair of A & R Committee

Purpose of report:	To provide the A & R Committee with an update on progress for reviewing and updating ECCT's Risk Register.
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A verbal report will be provided to the meeting by the Chair of the A & R Committee.

Report type:	Committee Information Papers
Recommendation:	That the A & R Committee receives and notes the report and recommendations on Auditor Review and Appointment
Agenda item no:	6
Subject:	Auditor Review and Rotation
Responsible for the report:	Chair A & R Committee

Purpose of report:	To provide a report to the committee on the proposed development of an Auditor review and rotation process and policy for discussion.
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23 August 2016

Auditor Review

The Audit and Risk Committee Charter requires the committee to assess the performance of the auditor. Currently there is no formal way of doing this.

The draft work plan suggests that an annual review would take place post audit.

I would like to suggest a simple process to undertake the review. This involves a three step process and uses an evaluation tool.

Using the tool the auditor will self assess, the audit and risk committee will assess independently then the results will form the basis of a meeting between the Audit and Risk Committee Chair and the auditor.

I have received the attached paper which I think could form the basis of the assessment.

My suggestion for this year is that the audit and risk committee along with input from the General Manager will undertake a simple review using the checklist and then the Chair will discuss with the auditor and seek comment.

The annual review should be included in the engagement documentation of the auditor in the next contract and would then form part of the agreed process. Next year the review process would include a self review step alongside the separate review from the Committee and General Manager and the joint discussion with the Chair, GM and Auditor.

Auditor Rotation/Appointment

The Audit and Risk Committee Charter requires the committee to recommend appointment of the auditor. The GM and I have reviewed all policy and empowering documentation and have found that there is no defined policy or procedure for this. There is no requirement for rotation of either the audit firm or the audit partner, rather at the time that the current contract with the auditor was made the audit committee determined that the contract would be for four years, bringing the total contract period to five. Prior to this differing appointment periods had been used. The Committee at the time minuted that rotation was “considered good practice”.

The Staples Rodway agreement has now ceased so appointment for the 2017 year is needed.

I think the current committee role coming up is twofold – to develop and recommend an auditor appointment policy that will become part of the governance charter, and to undertake the process for the appointment of the auditor for the next financial year.

The GM and I have done some research and we have determined that there is no legal or professional requirement to rotate the auditor as the Trust is not an “Issuer”. Practice is also mixed so it is up to each organisation to make its own decision to suit its own circumstances.

The main reason for auditor rotation requirements for Issuers is to reduce the risk of the “threat of familiarity”. Having the same auditor for long periods of time is perceived to increase the risk that the auditor becomes too familiar with the client’s management, directors and/or owners and this may reduce their ability to be completely independent and subjective, they may drop their guard, not provide enough scepticism or trust management representations.

Auditors may also be changed due to unhappiness about fees, relationship issues, timeliness or performance problems, and retirements and so on.

The risk of familiarity can also be mitigated by changes internally at the audit firm; by changes in staff undertaking the work, or by changes in the audit partner or peer review partner. Changes in staff at ECCT and on the audit and risk committee also reduces the risk of familiarity becoming a problem.

There is also a balance to be struck that means that there is not too much or too regular change. Too much change may raise the risk of “unfamiliarity” and errors being made by the audit team or important risks misunderstood. Both familiarity and unfamiliarity are risks to be mitigated.

We must also take into account the ECCT reporting environment, what the internal controls are and how much reliance is placed on management judgements and audit interpretations to determine the appropriate skills required for the audit and the independence and/or rotation needed.

ECCT assets are in the main our investments, mostly managed externally, with several layers of checks in place. Reports are regular from all fund managers, they are reviewed by the GM, the Investment Advisor, the A & R Committee and Trustees. The Custodial Trustee also has a control role to play. The Trust has monthly reporting so the “numbers” are seen and monitored regularly. There is little “judgement” required in preparing accounts so the risk of misrepresentation is reduced.

The Committee must also address the market place for auditors. Who is available in Hawkes Bay to undertake the audit? Who has the requisite experience and skills to undertake the audit of a Tier 2 Reporting Entity? Does the Trust need to go outside the area to find someone appropriate?

Attached is an example external auditor policy from Foundation North and a Procurement Policy from Community Trust of Southland

Foundation North confirm continued appointment annually but test the market every three years. Audit Partners are to be rotated five yearly. Southland review annually and re-tender every four years. The incumbent may reapply.

Next Steps

1. Confirm the process for reappointment – prepare RFP, send to selected auditors, review documents and recommend to Board, timeline – to have agreement by November meeting –
 - a. RFP prepared and distributed by 20 September with replies due 20 October
 - b. A & R Committee to review and decide recommendation at October meeting
 - c. Present recommendation to November Board meeting and advise auditor first week of December
2. Confirm who to request for proposal – Staples Rodway (with different audit partner), BDO, any others? If no others, request from Palmerston North? Auditlink or Cotton Kelly?
3. Develop policy for approval by Board – confirm annually, re-tender every five years? Develop policy for review by A & R at October meeting with recommendation to Board for November.

Appendix 2 – Key service level KPIs

Appendix 2 – Key service level KPIs

Annual external audit evaluation

██████████ will be a priority client of our firm and will receive first call on our most talented resources.

Key performance indicators for service delivery will be discussed and agreed with management prior to the commencement of our engagement.

The following tables detail our initial thoughts on potential KPI's, comprised of three components:

1. A checklist of key audit deliverables to ensure that all requirements are met and to record the quality and timeliness of their delivery
2. A questionnaire designed to assess our performance against a range of identified criteria. Each criteria is scored by ██████████ staff with more direct involvement with us to produce an indicative evaluation score
3. We will also self-assess our performance for the year.

For the key members of management and the Board of Directors, we will use face-to-face interviews as the primary method of obtaining feedback. In order to ensure we can efficiently gather and respond to feedback from the wider ██████████ staff, we will utilise our proprietary web-based tool, DTermine™ to collect feedback from management at each division that we serve. The results of these surveys will form part of our overall evaluation against the KPIs. This will allow us to truly measure ██████████ level of satisfaction with our service delivery and respond formally to resolve any issues raised.

External audit evaluation – Key deliverables

Deliverable	Due date	Date delivered	Comments
Audit strategy document			
Audit engagement letter			
Early warning report			
Clearance on pro-forma financial statements			
Clearance on group result			
Clearance on group financial report			
Auditors' independence declaration			
Auditors' report to the audit committee – half year			
Auditors' report to the audit committee – full year			

Appendix 2 – Key service level KPIs

Audit attributes' score criterion

Our performance questionnaire is based on the below attribute score criterion:

Audit firm deliverables	
1. Unacceptable performance	0 – 28
2. Below expectations	29 – 61
3. Acceptable performance	62 – 86
4. Above expectations	87 – 104
5. Excellent performance	105 – 115

External auditor evaluation – Average scores

(to be completed separately by Management and Deloitte)

Deliverable	Score 1–5
Knowledge	
1. Demonstrate industry knowledge required to perform the audit work	
2. Demonstrate an understanding of [REDACTED] business needs and the final product to be delivered	
3. Sound knowledge of laws and legislation applicable to [REDACTED] business	
4. Use of relevant knowledge to provide value adding insights to [REDACTED]	
Auditor competencies	
5. Audit team is forthright in dealing with difficult situations	
6. Provides taxation expertise with experience in compliance and transactions	
7. Provides prompt access to technical information to support management	
8. Audit firm's senior staff (Partners & Managers) are properly involved during the audit	
9. Audit team is professional, reliable, and courteous	
10. Plan with Internal Audit to maximise efficiency and reduce the audit time for both Deloitte & [REDACTED]	
11. Achieve the desired level of coverage of business units through coordination with internal audit	
12. Demonstrate a track record of continually improving their audit processes with a focus on audit efficiency and effectiveness	
13. Present a professional risk-based audit approach	
Communication & relationships	
14. Maintain timeliness and effectively communicate across functions/disciplines and locations	
15. Provide adequate progress report during the audit to [REDACTED] senior management	
16. Achieve the desired relationship with the Board	
17. Achieve the desired relationship with the Audit Committee	
Audit Firm Deliverables	
18. Deploys adequate resources to achieve agreed audit plan within the hours allocated to [REDACTED]	
19. Deliver a clear, concise report to the Audit and Risk Committee that appropriately addresses all the key issues	
20. Audit management letter presents audit observations and recommendations based on risk assessment	
21. Audit fee charges do not go beyond initial fee quote (unless agreed in advance)	
22. Audit fees charged are fair and appropriately reflect the value of the services provided	
23. Audit firm is flexible and responsive (e.g. respond with a sense of urgency to critical issues, adapt to change quickly, etc.)	

Review total score (out of a possible 115)

Appendix 1

External Auditor Policy

1.1 Objective

The objective of this policy is to provide guidance as to the appointment of External Auditors and to ensure that audit independence is maintained, both in fact and appearance, such that Foundation North's external financial reporting is viewed as being highly reliable and credible.

1.2 Background

Oversight of Foundation North's external audit arrangements is the responsibility of the Audit, Finance & Risk Committee (AFRC). Ensuring that external audit independence is maintained is one of the key aspects in discharging this responsibility. This formal policy on external audit independence has been adopted by the Foundation board to meet this requirement.

The policy covers the following areas:

- Approval of auditor
- Provision of related assurance services by Foundation North's external auditors;
- Auditor rotation;
- The hiring of staff from the audit firm; and
- Relationships between the auditor and Foundation North and its subsidiaries.

1.3 Definition (for this policy)

The Foundation	Foundation North and all entities within the reporting Group.
Audit services	Services provided in the audit or review of the Foundation's financial statements
Non-audit services	Services unrelated to the audit or review of the Foundation's financial statements
Related assurance	Services, which are not audit services, but which nevertheless provide assurance to management or others on the Foundation's operations and/or financial results.

1.4 Policy

1.4.1 Approval of Auditor

AFRC shall only recommend a firm to be the external auditor if that firm:

- Has a public practice certificate from a New Zealand recognized accounting body, is a licensed audit firm and the audit partner is a licensed auditor in accordance with the Auditor Regulation Act 2011;
- Would be regarded by the board of Trustees, with full knowledge of all relevant facts and circumstances, as capable of exercising objective and impartial judgment on all issues

encompassed within the auditor's engagement, including but not limited to adherence to relevant ethical standards;

- Has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team any member of the Foundation's management who acted in a financial oversight role;
- Does not allow the direct compensation of its audit partners for selling non-audit services to the Foundation.

1.4.2 Provision of Non-audit services by Foundation North's External Auditors

The guidelines that follow are designed to ensure that related assurance services provided by the Foundation's auditors are not perceived as conflicting with the independent role of the auditor.

The general principles to be applied in assessing related assurance services are as follows:

- The external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of valuation services where such valuation forms an input into audited financial information;
- The external auditor should not perform any function of management, or be responsible for making management decisions;
- The external auditor should not be responsible for the design or implementation of financial information systems.
- Any other relationships or services should be treated entirely separately to the audit including any pro bono work with CSI

1.4.3 Services permitted to be performed

AFRC must pre-approve all audit and related assurance services provided by the auditor.

Aside from core audit services, it is appropriate for the Foundation's auditors to provide the following services, with prior approval from AFRC:

- Other assurance services (e.g. Trust Deed reporting or similar compliance work);
- Accounting policy advice including opinions on compliance with New Zealand and International Generally Accepted Accounting Practice, and the transition to new reporting frameworks;
- Accounting/technical training.
- Taxation consulting

1.4.4 Services not permitted

It is not considered appropriate for the Foundation's auditors to provide:

- Bookkeeping/other services related to accounting records or financial statements;
- The design of financial information systems;
- Internal audit services;

- Appraisal/valuation services/opinions as to fairness;
- Structured finance advice;
- Due diligence services;
- Legal services (these are services that could *only* be provided by a person who is qualified in law);
- Management functions;
- Broker/dealer/investment adviser/investment banking services;
- Services of an expert as an advocate;
- Actuarial services;
- Provision of temporary staff for appropriate assignments; and
- Assistance in the recruitment of senior management.

These prohibitions apply to all offices of the firm of the Foundation's auditors.

1.4.5 Billing arrangements

The billing arrangements for services provided by the Foundation's external auditors should not include any contingent fees (e.g. where a success fee is paid depending upon whether a transaction proceeds or not).

1.4.6 Other procedural requirements

Regardless of the Foundation's policies, it is expected that the auditors will rigorously comply with their own internal policies on independence and all relevant professional guidance (including independence rules and guidance issued by Chartered Accountants Australia and New Zealand).

While this policy does not prescribe any particular ratio of "other" service fees to audit fees, this ratio should be monitored by AFRC. Accordingly, the nature of services provided by the Foundation's auditors and the level of fees incurred should be reported to AFRC in detail on an annual basis to enable the Committee to perform its oversight role.

Development of local and overseas practice with regard to related assurance services shall be monitored on an ongoing basis to ensure that the Foundation's policies remain compliant with best practice.

1.4.7 Auditor Rotation

The continued appointment of the Foundation's external auditors is to be confirmed annually by AFRC. AFRC shall test the market for external auditors (in a manner to be determined by the Committee) at least every three years (next due 2018).

Rotation of the Foundation's audit partner will be required every five years. The partner will be subject to a two year "cooling off" period following rotation.

Accordingly it is expected that such a policy will be adopted by the Foundation's auditors. Compliance with this requirement shall be reported to AFRC annually.


1.4.8 Hiring of Staff from the Audit firm

The hiring by the Foundation of any former audit partner or audit manager must first be approved by the Chair of AFRC.

There are no other restrictions on the hiring of other staff from the audit firm.

1.5 Review of External Auditor Policy

This policy is to be reviewed by AFRC with a recommendation to the Board every two years.

 Community Trust of Southland <small>Te Pou Arataki Pounamu o Murihiku</small>	Outsourcing and Procurement of Advice, Goods & Services		22.0
	POLICY		
	Section	Operational	
	Date Last Reviewed	24.09.2015	
	Date of Next Review	24.09.2018	

22.1 Purpose

This policy provides a framework for procurement by the Trust and is designed to give practical guidance to Trustees and the CEO.

22.2 Overarching Principles

The Trust will comply with all applicable legislation in the procurement of advice, goods or services and will maintain good practice in outsourcing and procurement.

In order to maintain accountability and integrity of the Trust the principles of impartiality, transparency, best value for money, full and fair opportunity and due diligence will guide the Trust, trustees and the CEO in the outsourcing and procurement of advice, goods and services.

The Trust will take care in handling commercially sensitive information.

22.3 Scope

22.3.1 The CEO will have overall responsibility for procurement including; where relevant the preparation of a business case to support the procurement of higher value and/or higher risk items; and will carry out an appropriate level of market research.

22.3.2 The Trust will specifically outsource the following advice and services:

- Specialist Taxation
- Investment Advice
- Legal Advice
- Auditor Services

22.3.3 The Trust may choose to outsource any other services (e.g. IT, specialist design and public relations, evaluation and research) that will improve effectiveness and efficiency of the Trust and its operations.

22.3.4 This policy will also apply to the procurement of property, plant or equipment, development or improvements.

22.4 Length of Service

22.4.1 Specialist Taxation Advice

The role of the Trust's specialist taxation advice provider will be reviewed annually and the job re-tendered four yearly. The incumbent advisor could re-apply and be re-appointed for further terms.

22.4.2 Legal Advisor

The role of Trust's legal advisor will be reviewed annually and the job re-tendered four yearly. The incumbent advisor could re-apply and be re-appointed for further terms.

22.4.3 Auditor Service

The role of Trust's auditor will be reviewed annually and the job re-tendered on a four yearly basis. The incumbent advisor may re-apply, and may be re-appointed for a further term.

22.4.4 Investment Advisor

The role of Trust's investment advisor will be reviewed annually by the Trust and externally reviewed at least 5 yearly. The job may be re-tendered and in such circumstances the incumbent advisor may re-apply, and may be re-appointed for further terms.

22.4.5 Other Services

All other outsourced services of an ongoing nature will be reviewed annually and re-tendered on at least a four yearly basis. The incumbent provider may re-apply, and may be re-appointed for further terms.

22.5 Procurement Process

The procurement process will be flexible to enable different responses to different levels of scale and risk.

22.5.1 Local preference

The Trust is supportive of businesses within the Trust's community therefore full and fair opportunities will be provided to local suppliers. However local suppliers will need to be within five percent or better of suppliers from outside the region.

In addition the Trust recognises that there are times where specialist advice is required and/or the nature of the service and/or value for money means services may need to be obtained from organisations outside of the Trust's area.

22.5.2 Conflicts of Interest**22.5.2.1 Current Trustees &/or Employees**

Given the size of the Trust's community and the varied interests and roles of Trustees and employees, situations involving conflicts of interest, whether actual or perceived, are unavoidable. In order to maintain the integrity of the Trust's outsourcing and procurement processes the following will apply:

- Any firm a current trustee is engaged in shall not be engaged under a contract for service.
- A current employee of the Trust shall not be engaged under a contract for service as any additional work should be managed using a variation to their employment contract.
- A current employee's and/or trustee's immediate family shall not be engaged under a contract for service.
- Trustees and/or employees who may have a connection with any of the bidders and/or may stand to gain from the outcome will not be involved in the evaluation and selection process. Trustees and employees are therefore required to identify and disclose in a timely and effective manner any direct or indirect interest in any outsourcing and procurement matter before the Trust. (Also refer Governance Policy Item 2: Guidelines for Conduct of CTOS Trustees & Operational Policy Item 11 Staff Code of Conduct).

22.5.2.2 Suppliers/Bidders

A supplier/bidder will be required to identify, as part of an expression of interest, request for proposal or other invitational process, any actual or

perceived conflicts of interest including, but not limited to, any current and/or former trustees and/or employees who participated or assisted in preparing a quote or proposal.

22.5.3 Tendering & Advising Professional Community of Outsourcing Opportunities

22.5.3.1 The methods used in procurement will be as practical as possible and appropriate to the services being procured, amounts involved, risks and benefits involved. In addition the supplier/market environment will be an important factor in determining the appropriate procurement method/procedure.

The following indicative thresholds and forms of tendering are guidelines and may be used by the Trust. It will be at the discretion of the Board to determine the appropriateness of the various methods, for any given tender, based on the type of advice, goods or service required:

- i. Goods and services with a total value of up to \$5,000 can be procured directly from an appropriate supplier.
- ii. Written Quote - for goods or services with a total value between \$5,000 and \$20,000 a minimum of two written quotes will be obtained from selected suppliers.
- iii. Closed Tender - for goods or services with a total value of between \$20,000 and \$100,000 and/or of a specialised nature (i.e. where goods or services are only available from a few suppliers). Information will be distributed to a predetermined list of suppliers/the relevant professional community asking them to respond to a request for information/proposal or quote.
- iv. Open Tender - for goods or services with a total value of over \$100,000. Information will be distributed as widely as possible through a range of methods (e.g. advertising, direct mail) asking suppliers/the relevant professional community to respond to e.g. an Expressions of Interest, Request for Proposal or quote.

22.5.3.2 When the term of an incumbent is due to end, irrespective of whether the incumbent is available for reappointment the Trust will determine, as detailed under 22.4 and 22.5.3.1, the type of tender process that will be undertaken and advise the relevant professional community of the forthcoming outsourcing opportunity.

22.5.3.3 The CEO is responsible for:

- Advising the Board when the term of an incumbent is due to end.
- Advising the Professional Community of Outsourcing Opportunities.
- Any advertising associated with the outsourcing and tendering of services.

22.5.4 Evaluation and Selection

22.5.4.1 Predetermined selection/evaluation criteria will be established in the planning stage of the procurement process to ensure transparency, fairness and integrity of the process.

Selection/evaluation criteria will be tailored to the particular requirements of the advice, goods or service.

22.5.4.2 The selection/evaluation of the strengths and weaknesses of a potential provider will generally include, but not necessarily be limited to:

- Cost or value for money
- Compliance with any terms and/or conditions
- Ability to meet the Trusts requirements
- Quality
- Delivery and/or service capability
- Reputation
- Timeliness of service provision
- Other factors as identified as being relevant.

22.5.5 Procurement Approvals

All advice, goods and services are to be purchased within specifically approved budgets and within delegated authorities.

22.5.5.1 Specialist taxation advice and legal advice proposals will be received and considered by the CEO. The CEO's recommendation will then be forwarded to the full Board for consideration.

22.5.5.2 Auditor service proposals will be received and considered by the CEO in conjunction with the Audit, Finance & Risk Management Committee (AFRMC). The AFRMC shall recommend to the full Board which proposal should be accepted.

22.5.5.3 Investment service proposals will be received and considered by the CEO in conjunction with the Investment Committee. The Investment Committee shall recommend to recommending to the full Board which proposal should be accepted

22.5.5.4 For all other goods and services which are detailed in approved capital or operating budgets, the CEO has delegated authority.

22.5.6 Awarding A Contract

22.5.6.1 Once the Trust's preferred provider is determined and confirmed, the unsuccessful applicants will be notified by the CEO.

22.5.6.2 The CEO will notify the successful provider and a letter of engagement and/or contract for service will be initiated.

22.5.7 Contract Management

The CEO is responsible for the day to day management of all procurement and outsourced services and contracts including:

- Ensuring that what has been agreed is delivered, to the appropriate quality standards.
- Maintaining awareness of the expiry dates of services and/or contracts so future provision can be planned well before the expiry date.

22.6 Emergency Procurement

In genuinely unforeseen circumstances it may be necessary to dispense with parts of the outsourcing and procurement process in order to:

- react quickly to protect the Trust's operations/service delivery, property or equipment;
- re-establishment of operations/service delivery in e.g. the case of a disaster.

In such instances the CEO will recommend to the Board the process/action that needs to be taken.

22.7 Dealing with Concerns/Disputes

Any concerns relating to outsourcing and procurement process will be dealt with in the first instance by the CEO and any dispute will be handled in an ethical, reasonable, fair and timely manner.

Report type:	Committee Information Papers
Recommendation:	That the A & R Committee receives and notes the Monthly reports from Fund Managers and MCA.
Agenda item no:	7
Subject:	Monthly Reports
Responsible for the report:	General Manager

Purpose of report:	To provide the A & R Committee with the monthly reports from MCA, PIMCO and Forsyth Barr (Hastings)
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Investment monitoring

report & analysis to 31 July 2016

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Objectives

The investment policy objectives of the Trust are to achieve a growing level of income to fund the budgeted grants and operating costs each year and grow the capital base over the long term, to protect the capital and grants against the impact of inflation.

The risks to the investment policy objectives are to generate sufficient actual income each year to let the Trust donate 4% of the adjusted capital base at the start of the year and to meet the Trust's costs. \$6.7m is budgeted for 2016/ 17.

Allocation of capital & investment strategy

The assets of the Trust are split between cash, bonds and shares. The split is designed to achieve the return objectives of the Trust to support the grants policy. Each class of asset has a different purpose and a different pattern of returns. The resulting asset mix is the investment strategy of the Trust.

The allocation of capital is:

- \$10m is targeted at cash to provide liquidity;
- \$50m at bonds to provide cash flow over the next 10 years, to fund the grants as required;
- The balance is allocated to shares to provide long-term growth. Of the shares, up to \$20m is available for private equity.

31 July 2016

Overall Trust return (%)

	Month	Year (4 months)
Income return	1.09%	3.04%
Market movement	0.78%	1.19%
Total return	1.87%	4.26%

Summarised accounts (\$)

Assets at start	168,086,093	165,961,700
Net cash flow	(356,354)	(1,962,411)
Income received/ (paid)	1,834,868	5,028,708
Growth gains/ (losses)	1,303,744	1,840,353
Total investment gains/ (losses)	3,138,612	6,869,061
Assets at end	170,868,351	170,868,351
Income sector assets at end		64,409,975 (37.7%)
Growth sector assets at end		106,458,376 (62.3%)

Objectives

Liquidity



Income



Growth



Strategy



Trust performance



Manager performance

Cash



NZ bonds


Overseas
bonds

Total listed
shares

Elevation
Capital

Forsyth
Barr


31 July 2016

Summary

Month

In respect of the investment results to 31 July 2016, we note:

- The asset value is \$170,868,351, up \$2.78m over the month [Last month: \$168,086,093].
- The portfolio generated investment income of \$1,834,868 [vs monthly budget: \$620,860].
- The overall investment return for the month was positive 1.87%, i.e. \$3,138,612.

Strategy

- The investment allocation to each sector is within $\pm 4.2\%$ of the benchmark asset allocation.
- Listed shares is 4.2% below the benchmark, and Cash is 4.0% above the benchmark.
- The latest hedging contract position of overseas shares was: 75% hedged to USD, 50% hedged to EUR, UKP and AUD, 0% to Yen.

Market movements

- Positive: Cash, NZ bonds, OS bonds.
- Negative: Listed shares.

Investment managers' performance (relative to market indices)

- Positive: Cash, NZ bonds, OS bonds.
- Negative: Listed shares.

Year (since 1 April 2016)

- The investment portfolio has generated \$5,028,708 of income and experienced \$1,840,353 of market movements since 1 April 2016. The total return has been \$6,869,061 or 4.26% since 1 April 2016. The income level is above the budget.

Current issues

Environment

The environment continues to be a low interest rate, low overall inflation and low economic growth environment. We expect this to continue for the foreseeable future (next 8 to 10 years) driven by the demographics (ageing of the baby boomers), the debt levels of major western governments and the fiscal deficits of the US, Japan, UK and Europe, made worse through derivatives, and low productivity.

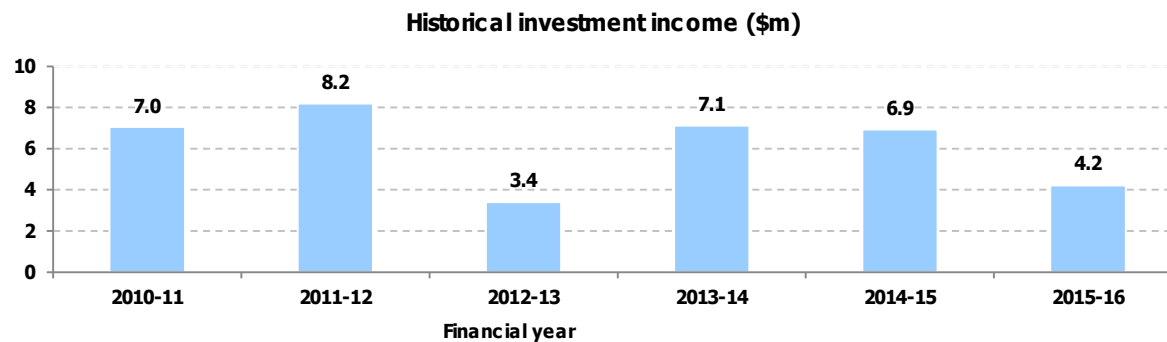
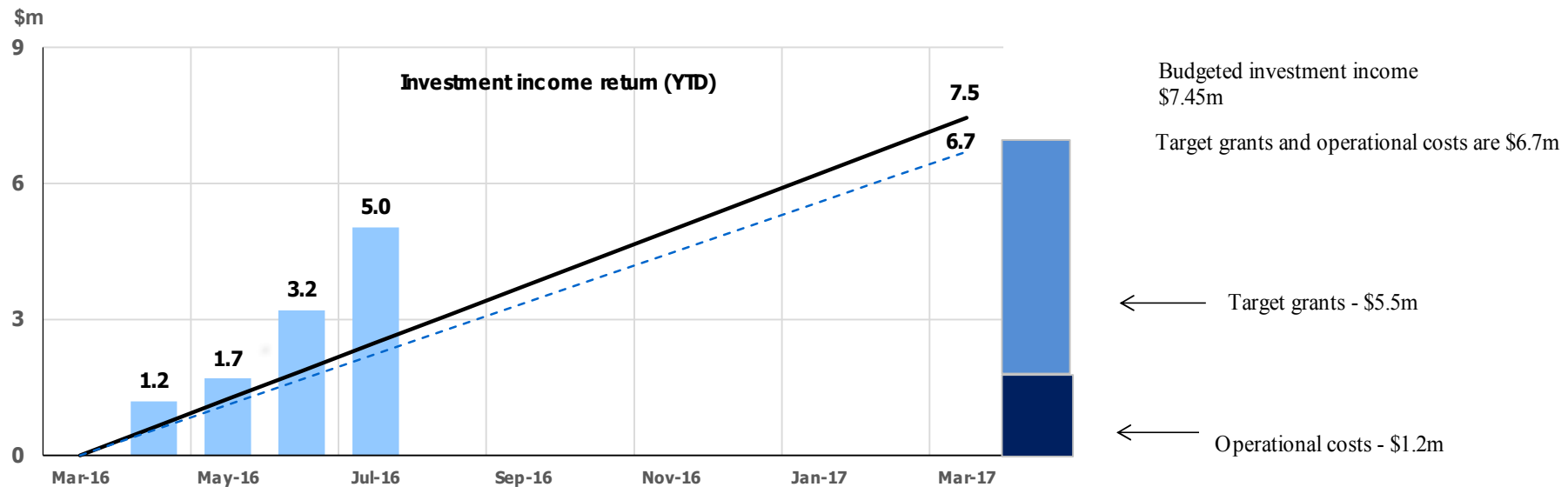
All markets had a good month.

All managers with the exception of Listed shares, outperformed their relative indices.

Objective - funding \$5.5m in grants + \$1.2m operation costs (\$6.7m in total)

The objective is to generate investment income which, when supplemented by the cash assets, will let the Trust make grants at the budgeted level and to meet the operational costs. Any budgeted expenditure not met from the investment income is funded from cash. The 2016/ 2017 target grants and operation costs are \$6.7m. The budgeted investment income is \$7.5m.

The results, relative to the objective and the budget for the year-to-date, are:



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Investment strategy - by investment asset type

The investment strategy should be looked at in terms of the split of the current assets relative to the purpose, the benchmark, the benchmark applied to the capital base and the benchmark applied to 125% of the capital base.



Purpose	Liquidity Certainty Short-term	Income Reduced volatility Medium-term	Inflation protection Growth Long-term	Current grants Intergenerational Equity
Benchmark (\$)	\$10.00m	\$50.00m	\$110.87m	\$170.87 m
Benchmark (%)	5.9%	29.3%	64.9%	100.0%

Current assets vs benchmark

Current assets	\$13.52 m	\$50.89 m	\$106.46 m	\$170.87 m
Benchmark assets	<u>\$10.00 m</u>	<u>\$50.00 m</u>	<u>\$110.87 m</u>	<u>\$170.87 m</u>
Excess (shortfall)	\$3.52 m	\$0.89 m	-\$4.41 m	\$0.00 m

Current assets vs capital base

Current assets	\$13.52 m	\$50.89 m	\$106.46 m	\$170.87 m
Capital base	<u>\$10.00 m</u>	<u>\$50.00 m</u>	<u>\$88.73 m</u>	<u>\$148.73 m</u>
Elevation Capital portfolio	\$3.52 m	\$0.89 m	\$17.73 m	\$22.14 m

Current assets vs 125% x capital base

Current assets	\$13.52 m	\$50.89 m	\$106.46 m	\$170.87 m
Target assets	<u>\$10.00 m</u>	<u>\$50.00 m</u>	<u>\$125.91 m</u>	<u>\$185.91 m</u>
Excess (shortfall)	\$3.52 m	\$0.89 m	-\$19.45 m	-\$15.04 m

Notes:

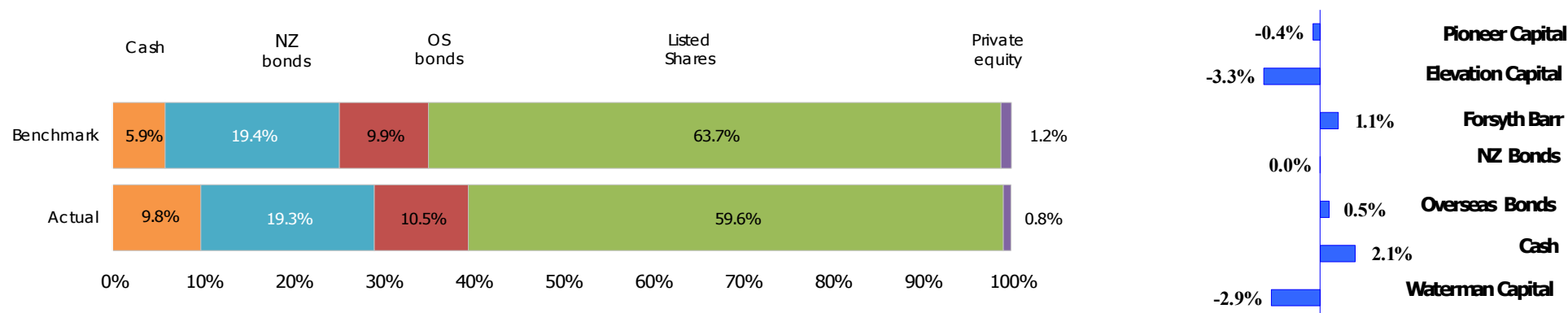
1. For the target asset levels, the cash holdings should include the undistributed distribution a/ c.
2. The allocation to bonds is below the optimal level for 125% x Capital base.
3. The allocation to shares/ property is below the benchmark level on each basis, reflecting the general downturn in the markets over the last 6 years.
4. The capital base (i.e. \$148.73m) represents the inflation adjusted original capital base set in April 1997 (i.e. \$90m) and should, in addition, include the undistributed grants reserve. The current assets should ideally exceed the value of these.

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Investment strategy - by manager and asset type

	Listed shares	Private equity	Bonds	Cash	Total	Actual	
						\$	%
Growth							
Listed shares							
Elevation Capital	\$46,099,828			\$2,143,590	\$48,243,418	\$48.24m	28.2%
Forsyth Barr	\$55,664,112			\$104,321	\$55,768,433	\$55.77m	32.6%
Private equity							
Pioneer Capital		\$1,271,495			\$1,271,495	\$1.27m	0.7%
Waterman Capital		\$150,000			\$150,000	\$0.15m	0.1%
						\$105.43m	61.7%
Income							
NZ bonds			\$33,001,107		\$33,001,107	\$33.00m	19.3%
Overseas bonds			\$17,892,577		\$17,892,577	\$17.89m	10.5%
						\$50.89m	29.8%
Cash							
Trust				\$8,710,243	\$8,710,243	\$8.71m	5.1%
Forsyth Barr Esam Cushing				\$4,806,048	\$4,806,048	\$4.81m	2.8%
FX Overlayl				\$1,025,030	\$1,025,030	\$1.03m	0.6%
						\$14.54m	8.5%
Total	\$101,763,940	\$1,421,495	\$50,893,684	\$16,789,232	\$170,868,351		
Current allocation (%)	59.6%	0.8%	29.8%	9.8%	100.0%		
Difference from benchmark	-4.2%	-0.3%	0.5%	4.0%			
Benchmark	63.7%	1.2%	29.3%	5.9%	100.0%		
Indices used for comparison	MSCI world net div (currency unhedged)	NZX 50 index	ANZ Corp A grade/ Citigroup WGBI index	NZX call index			

Position from benchmark



31 July 2016

Currency & overseas shares returns

In terms of the overseas share investments, the return received depends on the returns from the share markets, and the change in value, through movement in the exchange rate. This ignores the return received through dividends. The movement in the exchange rate is managed through hedging by way of forward contracts. When hedging contracts are held, the investors receive the benefit of the interest rate differential built into the contracts. This page looks at the source of returns with respect to the overseas share investments.

Split of policy return:	Total	Elevation Capital	Forsyth Barr
Share market movement	\$2,274,038	\$1,175,496	\$1,098,542
Currency movement (50% hedged)	(\$307,846)	(\$161,241)	(\$146,606)
Policy return	\$1,966,191	\$1,014,255	\$951,937
Currency management	(\$95,889)	(\$44,758)	(\$51,131)
Total return	\$1,870,302	\$969,497	\$900,805

Note:

The return on the combined Forsyth Barr and Elevation Capital managed shares for the month was \$1,658,345. This can be split between the market movement and the movement in the NZ dollar.

Market movement	\$2,274,038
Exchange rate movement	(\$615,693)
	<u>\$1,658,345</u>

The Trust's policy is to be 50% hedged, therefore the policy return for the month is \$1,966,191, i.e. the market movement and 50% of the exchange rate movement. The total return from the listed shares was \$1,870,302. Therefore the hedging management policy, to depart from the neutral position, decreased \$95,889 over the month.

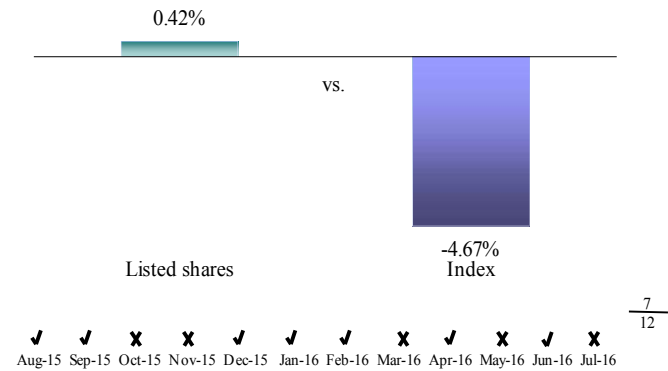
Historically, over the 2016/2017 year, the split has been:

Return from:	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD 2016/17
Share markets	\$1,027,689	\$939,719	\$2,160,835	\$2,274,038									\$6,402,281
Application of 50% neutral policy	(\$284,395)	\$669,258	(\$2,519,154)	(\$307,846)									(\$2,442,138)
= Benchmark return	\$743,294	\$1,608,976	(\$358,319)	\$1,966,191									\$3,960,143
Impact movement of policy from 50%	\$18,548	(\$356,415)	(\$74,614)	(\$95,889)									(\$508,371)
= Total return	\$761,842	\$1,252,561	(\$432,933)	\$1,870,302									\$3,451,772

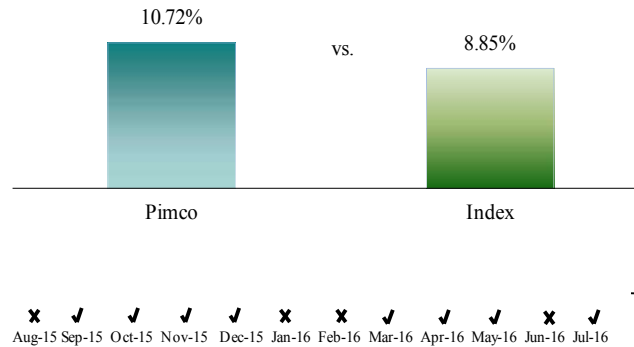
31 July 2016

Last 12 months' performance relative to market benchmark returns

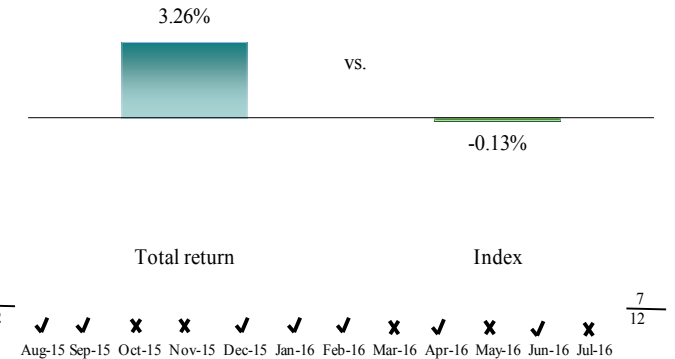
Listed shares



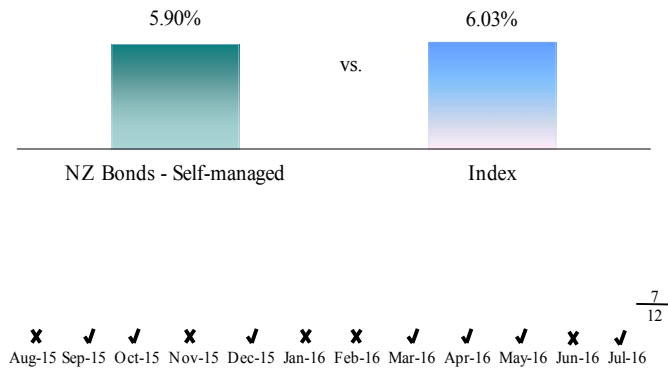
OS bonds - Pimco



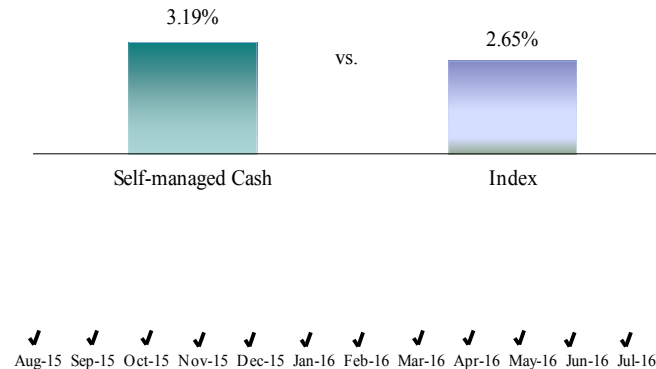
Total Return



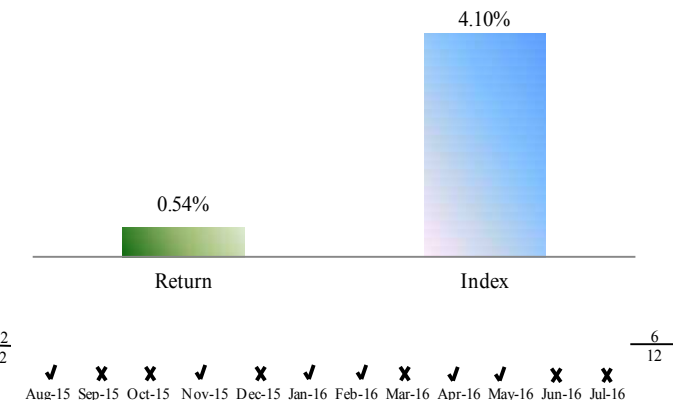
NZ bonds - Self-managed



Cash - Self-managed



Hedging

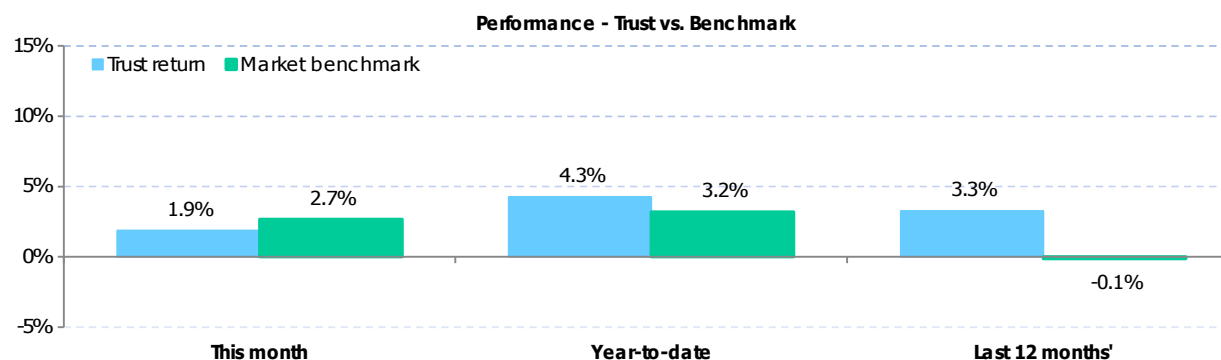


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Performance by manager

	This month (%)			Year-to-date (%)			Last 12 months' (%)		
	returns			returns			returns		
	Actual	Benchmark	Value added	Actual	Benchmark	Value added	Actual	Benchmark	Value added
Overall Trust return	1.87%	2.67%	-0.80%	4.26%	3.19%	1.07%	3.26%	-0.13%	3.39%
Listed shares and Hedging	2.35%	3.52%	-1.17%	4.96%	3.40%	1.55%	1.05%	-4.67%	5.72%
Currency hedging	0.21%	0.61%	-0.40%	1.86%	1.97%	-0.11%	0.54%	4.10%	-3.56%
Total listed shares	2.15%	3.52%	-1.37%	2.97%	3.40%	-0.43%	0.42%	-4.67%	5.09%
Elevation Capital (portfolio)	2.31%	3.52%	-1.21%	6.31%	3.40%	2.91%	-1.55%	-4.67%	3.12%
Shares	2.21%	3.52%	-1.31%	4.55%	3.40%	1.14%	1.12%	-4.67%	5.79%
Liquidity	-0.82%			-2.67%			-10.35%		
Forsyth Barr (portfolio)	2.39%	3.52%	-1.13%	3.81%	3.40%	0.40%	0.58%	-4.67%	5.25%
Shares	2.23%	3.52%	-1.29%	2.07%	3.40%	-1.33%	0.56%	-4.67%	5.23%
Liquidity	3.99%			4.62%			6.25%		
Pioneer Capital Partners	n/ a			n/ a			n/ a		
Waterman Capital	n/ a			n/ a			n/ a		
NZ bonds - Self-managed	1.01%	0.96%	0.05%	2.29%	2.44%	-0.15%	5.90%	6.03%	-0.13%
OS bonds - Pimco	1.77%	1.38%	0.39%	5.21%	4.51%	0.70%	10.72%	8.85%	1.87%
Self-managed - cash	0.22%	0.19%	0.03%	0.93%	0.77%	0.15%	3.19%	2.65%	0.54%

Note: Details of the benchmark indices are on page 15.



Listed shares portfolio

Elevation Capital - Christopher Swasbrook

Forsyth Barr - Richard Burton

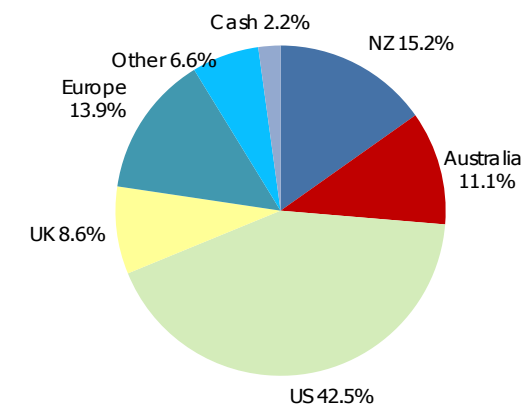
The objective of the portfolio is to provide:

- an income stream of 4.0% of the value of the portfolio each year, and
- a growing level of dividend income in absolute terms over rolling 1 year periods, and
- an increasing portfolio value over a five year period.

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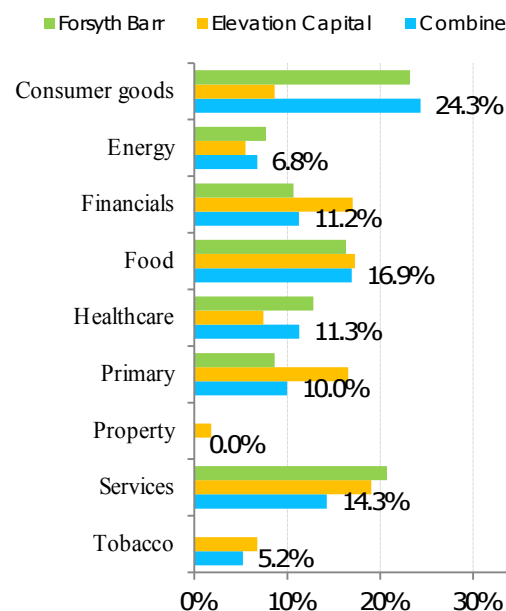
Geographic split

Country of listing	No. of holdings			Value of holdings			%
	EC	FB	Total	EC	FB	Total	
NZ	4	11	15	4,538,194	11,260,114	15,798,308	15.2%
Australia	7	7	14	5,539,668	6,025,536	11,565,204	11.1%
US	22	26	48	19,688,948	24,498,886	44,187,834	42.5%
UK	7	3	10	5,906,626	3,009,312	8,915,938	8.6%
Europe	5	10	15	4,621,004	9,829,482	14,450,486	13.9%
Other	7	1	8	5,805,387	1,040,782	6,846,169	6.6%
Shares	52	58	110	46,099,828	55,664,112	101,763,940	97.8%
Cash				2,143,590	104,321	2,247,911	2.2%
Total				48,243,418	55,768,433	104,011,851	100.0%

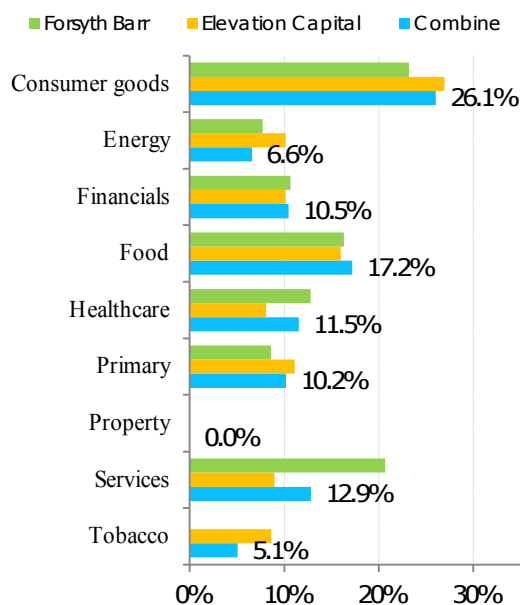


Industry split

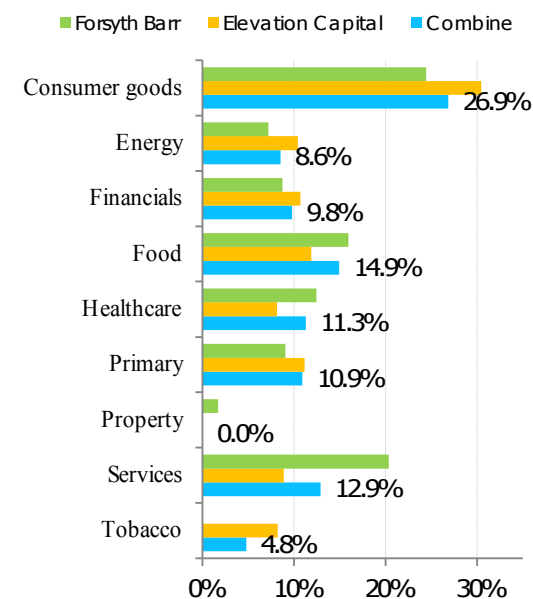
Start of the year 31 Mar 2016



Start of the month 30 Jun 2016



End of the month 31 Jul 2016

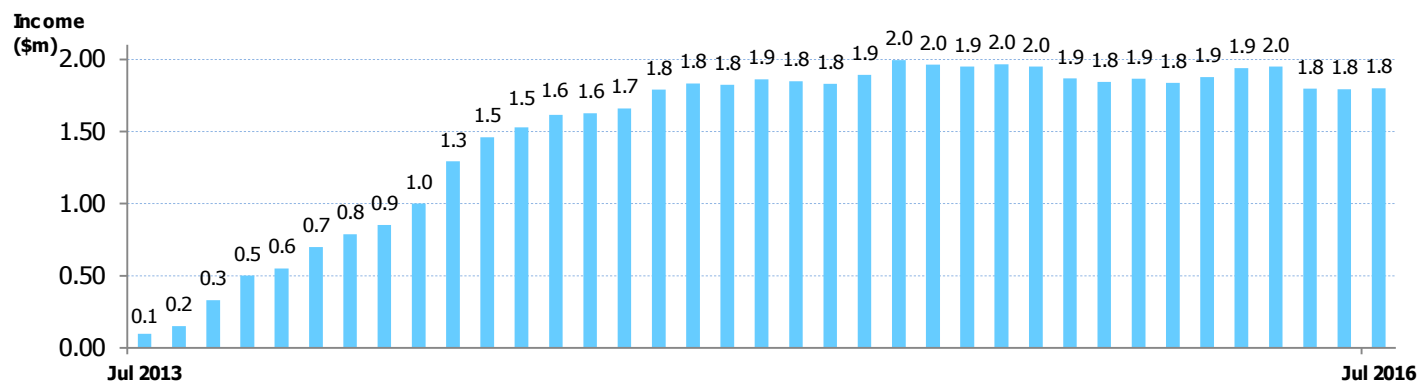


31 July 2016

Summary of income & growth in portfolio

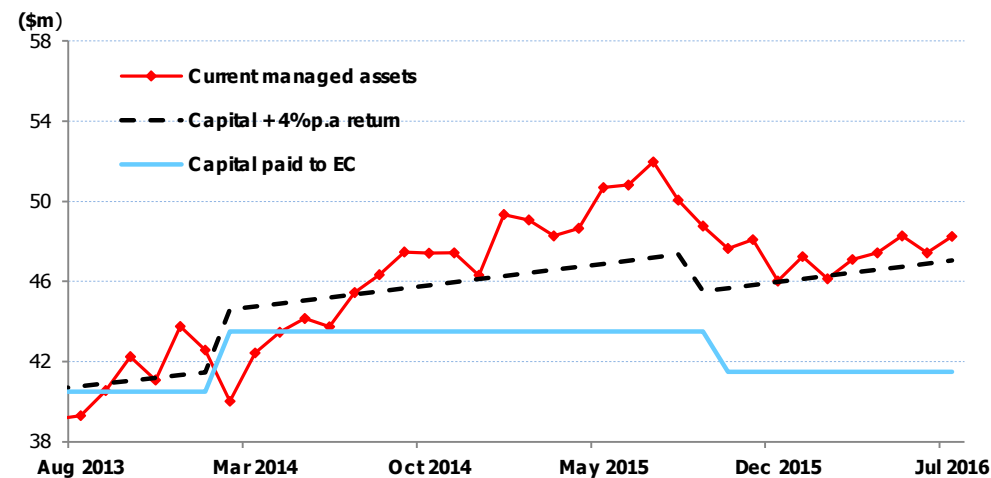
Cumulative dividend income for 12 month periods to month shown (\$m)

Elevation Capital



Assets	\$48,243,418
Distributions paid out since appointment	\$5,295,467

	Financial year to date	Since appointment
Value start of the year	\$44,413,103	
New capital given to manager		\$43,500,000
Capital withdrawals		(\$2,000,000)
Dividends received/ earned	\$694,702	\$5,463,972
Distributions paid to Trust	(\$804,206)	(\$5,295,467)
Market movement	\$4,303,030	\$4,602,722
Currency movement	(\$2,506,801)	(\$171,400)
Cash	\$2,143,590	\$2,143,590
Value at 31 Jul 2016	\$48,243,418	\$48,243,418

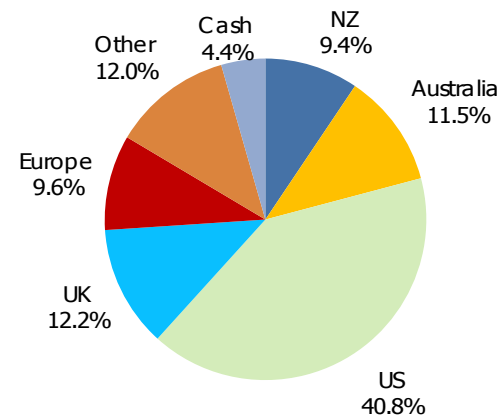


The difference between dividends & interest earned, and what was paid out, relates to the exchange rates at time of receipt versus payment used. Dividends received and paid to the Trust include both dividend and interest income on the investments.

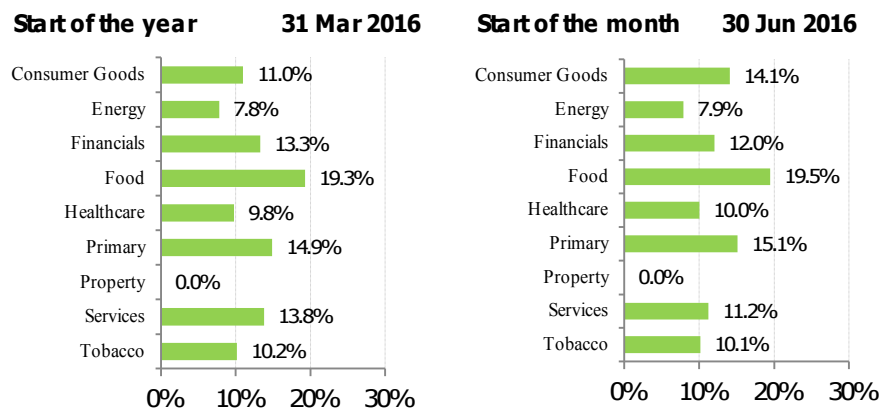
31 July 2016

Geographic split

Country of listing	No. of holdings	\$	%
NZ	4 shares	4,538,194	9.4%
Australia	7 shares	5,539,668	11.5%
US	22 shares	19,688,948	40.8%
UK	7 shares	5,906,626	12.2%
Europe	5 shares	4,621,004	9.6%
Other	7 shares	5,805,387	12.0%
Shares	52 shares	46,099,828	95.6%
Cash		2,143,590	4.4%
Total		48,243,418	100.0%



Industry split



Concentration risks:

Shares that are 20% or more above the "equal weighting target" of \$927,758

Fletcher Building Genesis Energy Limited Coach, Inc. Johnson & Johnson Procter & Gamble Corp Daimler AG

Shares that are 20% or less below the "equal weighting target" of \$927,758

BHP Billiton Coca-Cola Amatil MetCash Arcos Dorados Holdings Inc BP Prudhoe Bay Royalty Trust Chesapeake Energy Corp
Freeport McMoran C&G HSBC Holdings Münchener Rück AG British American Tobacco MK Givaudan SA

Market returns (NZ\$)

	Last 1 year	Last 3 years	Last 5 years
Consumer goods	-10.2%	12.1%	16.4%
Energy	-8.7%	-1.7%	1.1%
Financials	-17.7%	5.8%	10.0%
Food	4.3%	15.8%	17.0%
Healthcare	-11.5%	16.9%	20.1%
Primary	-5.5%	5.4%	1.1%
Services	-8.4%	12.0%	14.3%
Overall MSCI	-7.9%	10.8%	12.4%

New shares

Tiffany & Co., Daimler AG

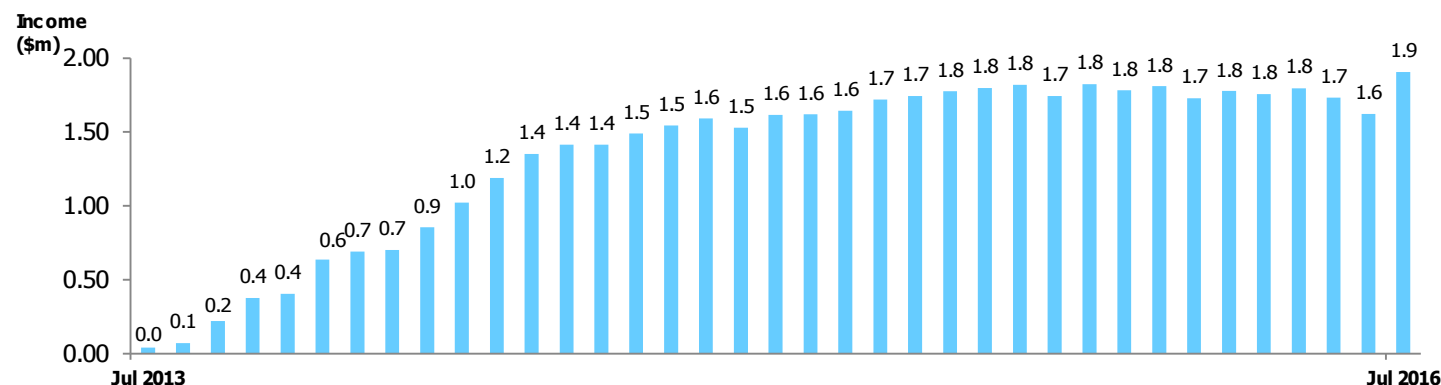
Exits

The Hershey Co., Mondelez International, Siam City.

Summary of income & growth in portfolio

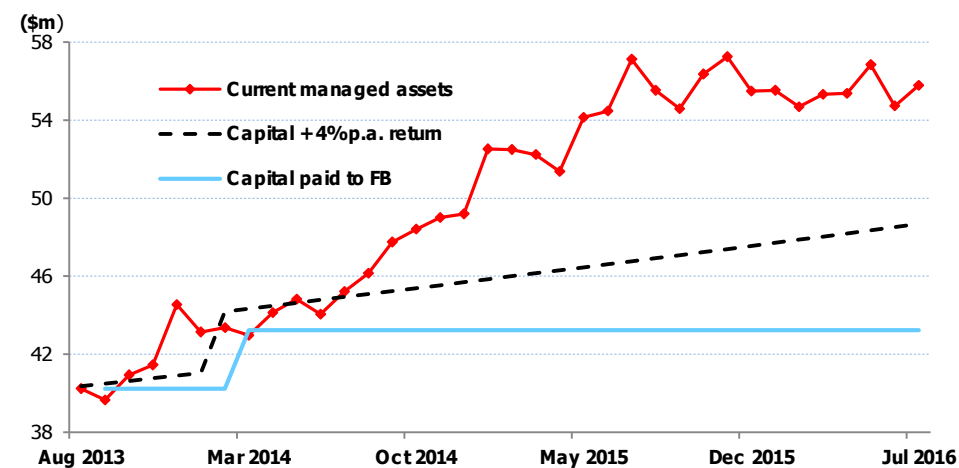
Cumulative dividend income for 12 month periods to month shown (\$m)

Forsyth Barr



Assets	\$55,768,433
Distributions paid out since appointment	\$4,883,209

	Financial year to date	Since appointment
Value start of the year	\$53,761,434	
New capital given to manager		\$43,235,832
Capital withdrawals		
Dividends received/ earned	\$906,523	\$5,161,577
Distributions paid to Trust	(\$675,909)	(\$4,883,209)
Market movement	\$4,049,539	\$11,311,003
Currency movement	(\$2,377,474)	\$838,909
Cash	\$104,321	\$104,321
Value at 31 Jul 2016	\$55,768,433	\$55,768,433

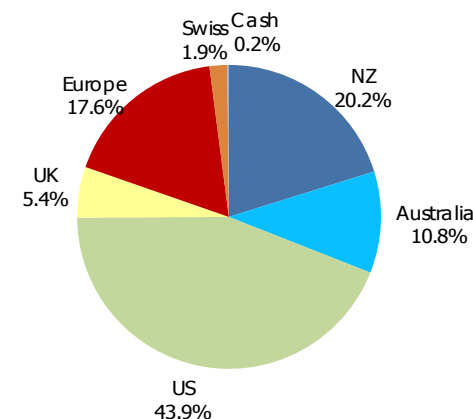


The difference between dividends & interest earned, and what was paid out, relates to the exchange rates at time of receipt versus payment used. Dividends received and paid to the Trust include both dividend and interest income on the investments.

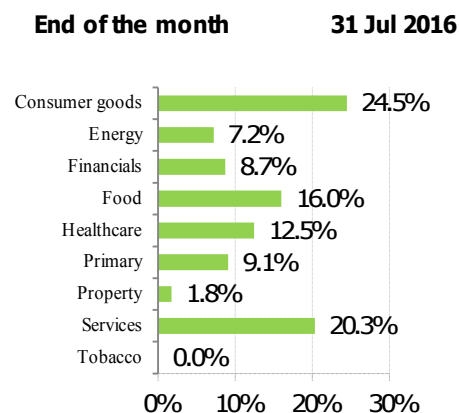
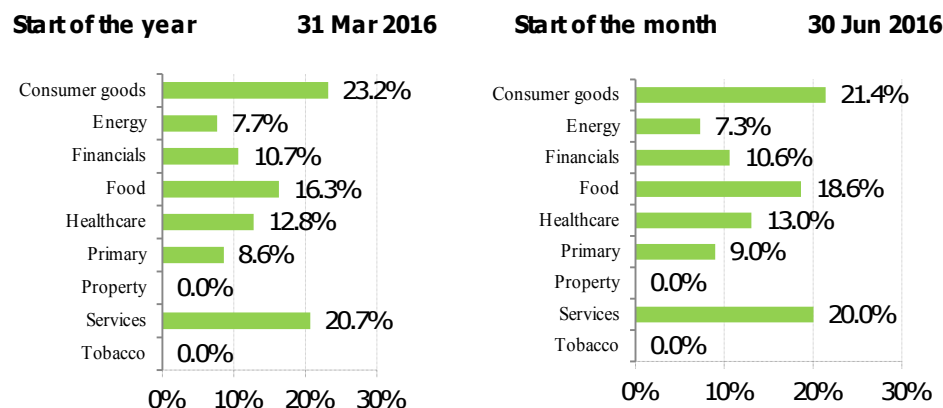
31 July 2016

Geographic split

Country of listing	No. of holdings	\$	%
NZ	11 shares	11,260,114	20.2%
Australia	7 shares	6,025,536	10.8%
US	26 shares	24,498,886	43.9%
UK	3 shares	3,009,312	5.4%
Europe	10 shares	9,829,482	17.6%
Swiss	1 shares	1,040,782	1.9%
Shares	58 shares	55,664,112	99.8%
Cash		104,321	0.2%
Total		55,768,433	100.0%



Industry split



	Market returns (NZ\$)		
	Last 1 year	Last 3 years	Last 5 years
Consumer goods	-10.2%	12.1%	16.4%
Energy	-8.7%	-1.7%	1.1%
Financials	-17.7%	5.8%	10.0%
Food	4.3%	15.8%	17.0%
Healthcare	-11.5%	16.9%	20.1%
Primary	-5.5%	5.4%	1.1%
Services	-8.4%	12.0%	14.3%
Overall MSCI	-7.9%	10.8%	12.4%

Concentration risks:

Shares that are 20% or more above the "equal weighting target" of \$978,394

Shares that are 20% or less below the "equal weighting target" of \$978,394

ANZ Bank National Australia Bank Fortive Corporation Aeroports De Paris

New shares

Port of Tauranga, Goodman Property, Genesis Energy, Duet Group, Newell Rubbermaid, Fortive Corp.

Exits

Contact Energy, Vector Limited, Procter & Gamble.

Technical notes

This page sets out details of key investment managers and details of the market benchmarks used.

	Appointment date	Current management
Overall	Apr 1997	
Private equity	June 2013, Feb 2016	Pioneer Capital Partners, Waterman Capital.
Listed shares	May 2013	Elevation Capital & Forsyth Barr listed shares.
OS bonds	May 2013	Pimco.
NZ bonds	Nov 2002	Self-managed through Forsyth Barr Esam Cushing.
OS shares FX hedging	Apr 2000	BNZ.
NZ shares	Jul 1999	Forsyth Barr.
Cash	Apr 1997	Self-managed.
Market sector returns are calculated based on the general market movement applicable to a non-taxpayer.		

Market indices:	
Total shares	MSCI world net div (50% hedged).
Elevation Capital / Forsyth Barr listed shares	MSCI world net div (currency unhedged).
Shares	MSCI world net div.
Currency hedging	50% of currency movement.
NZ bonds - self-managed	S&P/ NZX A Grade Corporate Bond Index.
OS bonds hedged - Pimco	30% Citigroup World Govt Bond Index hedged and 70% Citigroup World Corp Bond Index hedged.
Self-managed - cash	NZX call rate.

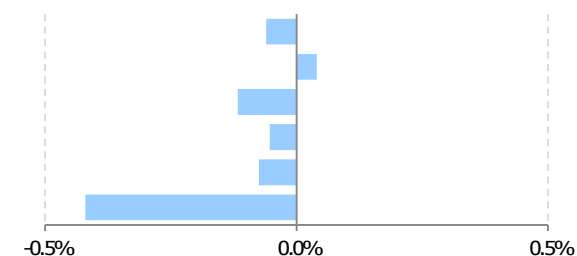
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Environment and market statistics

90-day bank bill rates

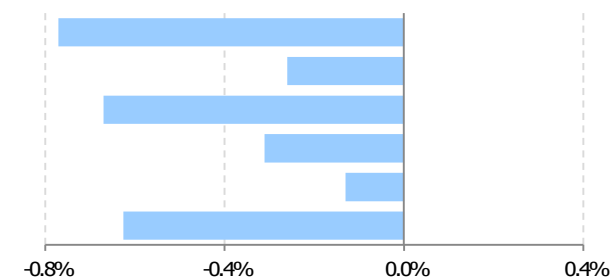
	Start of year 1 Apr 2016	Start of period 1 Jul 2016	End of period 31 Jul 2016	Movement	
				Month	Year-to-date
NZ	2.3%	2.4%	2.3%	(0.1%)	(0.1%)
US	0.2%	0.3%	0.3%	(0.0%)	0.0%
UK	0.5%	0.4%	0.3%	(0.1%)	(0.1%)
Euro	(0.2%)	(0.3%)	(0.3%)	(0.0%)	(0.1%)
Japan	(0.1%)	0.1%	(0.2%)	(0.3%)	(0.1%)
Australia	2.3%	2.0%	1.9%	(0.1%)	(0.4%)

Year-to-date (change)



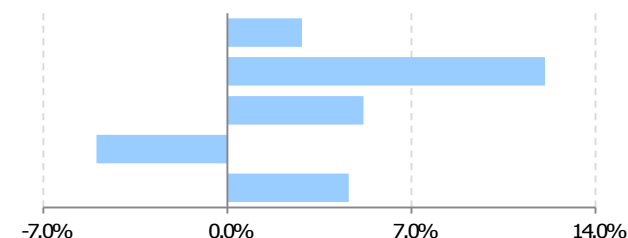
10 year government bond yields

	Start of year 1 Apr 2016	Start of period 1 Jul 2016	End of period 31 Jul 2016	Movement	
				Month	Year-to-date
NZ	3.0%	2.4%	2.2%	(0.1%)	(0.8%)
US	1.8%	1.5%	1.5%	0.0%	(0.3%)
UK	1.5%	1.2%	0.8%	(0.4%)	(0.7%)
Euro	0.9%	0.9%	0.6%	(0.3%)	(0.3%)
Japan	(0.0%)	(0.2%)	(0.2%)	0.1%	(0.1%)
Australia	2.5%	2.0%	1.9%	(0.1%)	(0.6%)



Exchange rates

	Start of year 1 Apr 2016	Start of period 1 Jul 2016	End of period 31 Jul 2016	Movement	
				Month	Year-to-date
US	0.6913	0.7100	0.7109	0.1%	2.8%
UK	0.4812	0.5296	0.5393	1.8%	12.1%
Euro	0.6101	0.6391	0.6416	0.4%	5.2%
Yen	77.82	72.89	73.95	1.5%	(5.0%)
Australia	0.9027	0.9540	0.9443	(1.0%)	4.6%



31 July 2016

Environment and market statistics

Sharemarket returns (local currency)

	Month	Year-to-date	Last 12 months	Last 3 years (p.a.)	Last 5 years (p.a.)
US (S&P 500)	3.6%	5.5%	3.3%	8.8%	11.0%
Japan (Nikkei 225)	6.4%	(1.1%)	(19.5%)	6.6%	11.0%
UK (FTSE 100)	3.4%	8.9%	0.4%	0.5%	2.9%
Germany (DAX)	6.8%	3.7%	(8.6%)	(12.6%)	7.6%
France (CAC 40)	4.8%	1.2%	(12.6%)	3.6%	3.9%
Australia (ASX 200)	6.3%	10.5%	2.4%	8.0%	9.6%
NZ (S&P/NZX 50)	6.5%	8.8%	24.1%	17.4%	16.7%
MSCINet div unhedged	2.9%	1.3%	(8.3%)	10.2%	12.1%
MSCINet div 50%hedged	3.6%	3.8%	(3.4%)	10.8%	12.6%
MSCINet div 100%hedged	4.3%	6.2%	1.5%	11.2%	12.7%

Note:

1. Year-to-date is the period since 1 April 2016.
2. The exchange rates are those on the Reserve Bank website. These are generally updated at 11am each day. The actual exchange rates for the hedging contracts will be the bank's close of business rates, which will be a different exchange rate. The movement in rates from 11am to 11am may be materially different from close of business to close of business.

MCA NZ Limited

PO Box 8811
Symonds Street
Auckland 1150

SuperLife House
41 Charlotte St
Eden Terrace
Auckland 1021

Telephone (09) 375 9800
Facsimile (09) 375 9801
Email mca@mcanz.co.nz



Caren J Rangi & Mark T Kilmister ATF Eastern&Central
Community Trust
102 Russell Street South Hastings
HASTINGS
New Zealand

Duplicate Copy

Your client recently received the following correspondence.

Transaction Statement 01 Jul 2016 to 31 Jul 2016

Dear Sir / Madam,

Set out below are the details of your investment and a transaction history for the period. Please keep this statement for future reference.

Investment Summary - 31 Jul 2016

Date	Investment Fund	Price	Units Held	Market Value	%
31/07/2016	PIMCO NZD Hedged Global Strategy Fund	\$955.1831	18,732.0910	\$17,892,576.75	100.00
31/07/2016	Total Investments			\$17,892,576.75	

Fund Transactions

PIMCO NZD Hedged Global Strategy Fund

Date	Transactions	Unit Price (\$)	Transaction Units	Amount (\$)	Unit Balance
01/07/2016	Opening Balance	1,001.5493		18,761,112.63	18,732.0910
01/07/2016	Distribution		0.0000	1,183,159.35	18,732.0910
31/07/2016	Closing Balance	955.1831		17,892,576.75	18,732.0910

If you have any questions about your investment, please contact your adviser, or call us on 1300 113 547.

Regards,

PIMCO Investor Services.

Enquiries: 1300 113 547

Mail: GPO Box 804
Melbourne VIC 3001

Fax: 02 9151 4096

Web: www.pimco.com.au

Email: investorservices@au.pimco.com

PIMCO Australia Pty Ltd

ABN 54 084 280 508

AFS Licence 246862

Page

1 of 1

Date

03 August 2016

Investor Name

Caren J Rangi & Mark T Kilmister ATF
Eastern&Central Community Trust

Investor Number

500101332

TFN/ABN Status

Tax Exempt

Financial Adviser

Default

**Eastern & Central Community
Trust Inc**

**Monthly Report for
July 2016**

Transaction Summary Eastern & Central Community Trust Inc
--

The bond purchases over the period were as follows:

Issuer	Maturity Date	Face Value	Cost ^{1,3}	Yield
--------	---------------	------------	---------------------	-------

The bond sales over the period were as follows:

Issuer	Maturity Date	Face Value	Proceeds ²	Yield
--------	---------------	------------	-----------------------	-------

The bond maturities over the period were as follows:

Issuer	Maturity Date	Face Value	Coupon
--------	---------------	------------	--------

The cash purchases over the period were as follows:

Issuer	Maturity Date	Face Value	Cost ^{1,3}	Yield
--------	---------------	------------	---------------------	-------

Nil

¹ Cost includes brokerage, if any

² Proceeds are less brokerage, if any

³ Cost will be different to that shown on the portfolio valuation – the difference being accrued interest.

Compliance Report

Eastern & Central Community Trust Inc

We confirm that we hold title, in the name of Forsyth Barr Custodians Limited, for all the bond securities listed in this report.

We confirm that all cash at call is held in trust for the Eastern & Central Community Trust Incorporated.

Current Exposures (Face Value):

Security Type	Portfolio	Mandate Limit
Fixed rate bonds:	\$22.451 m	100%
Hybrid:	\$7.678 m	\$8.0 m
Perpetual*:	\$3.275 m	\$2.0 m

* All of the perpetual securities are also hybrid securities and are excluded from the hybrid total.

Commentary

During **July** the following occurred:

- Standard & Poor's (S&P) revised its outlook on the big four banks (ANZ, ASB, BNZ & WBC) from Stable to Negative. All banks retain their AA- credit rating. This is the result of the outlook on the sovereign credit rating of Australia lowered to negative with S&P citing ongoing budget slippage and the lack of sufficiently forceful fiscal policy decisions.
- Credit Agricole S.A received a credit rating upgrade from Moody's Investor Services reflecting improvements in asset risk and profitability. CASHA, \$500,000 of which is held by ECCT, is now rated Ba1 (was Ba2).

During **August** the following will occur:

- We have resolved to purchase up to \$2.5 million of the Westpac subordinated bonds;

Key Portfolio Information

Eastern & Central Community Trust Inc

Bond Maturity Analysis:

Maturity Date ¹	Portfolio Holding	
	\$	%
	Face Value	
2016 ²	\$4,000,000	12%
2017	\$6,276,000	19%
2018	\$1,958,000	6%
2019	\$6,375,000	19%
2020	\$2,000,000	6%
2021	\$6,250,000	19%
2022	\$0	0%
2023	\$3,400,000	10%
2024	\$1,870,000	6%
2025	\$0	0%
2026	\$0	0%
Perpetual	\$1,275,000	4%
	\$33,404,000	100%

¹ Includes perpetual's where we believe an earlier redemption date is likely.

² Excludes cash

Bond Credit Analysis:

Long-Term Credit Rating	Portfolio Holding	
	\$ Face Value	%
AAA	\$0	0.0%
AA+	\$0	0.0%
AA	\$0	0.0%
AA-	\$0	0.0%
A+	\$0	0.0%
A	\$0	0.0%
A-	\$4,000,000	12.0%
BBB+	\$10,500,000	31.4%
BBB	\$3,775,000	11.3%
BBB-	\$1,000,000	3.0%
BB+	\$5,854,000	17.5%
BB	\$0	0.0%
BB-	\$250,000	0.7%
Not Rated	\$8,025,000	24.0%
	\$33,404,000	100%
Average Weighted Credit:		BBB-



Interim Only

Portfolio Summary

Eastern & Central Community Trust Inc

1870575 GPW

Sunday 31 July 2016

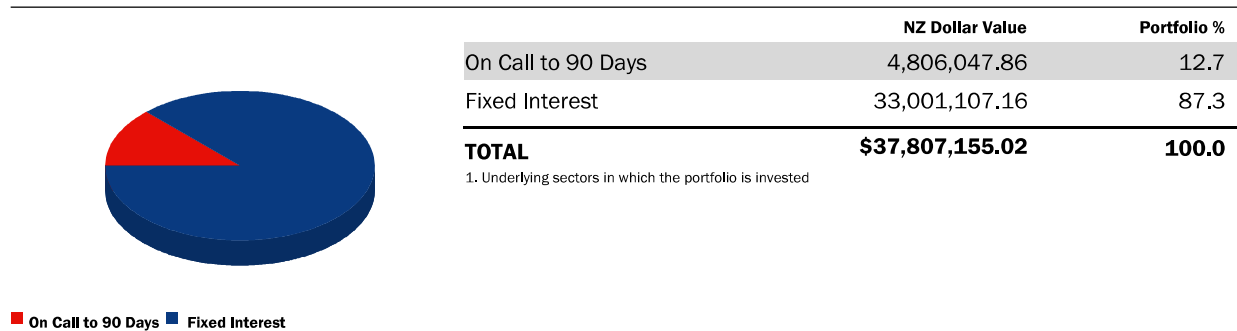
Premium Advisory Service

Your Forsyth Barr Advisor will provide you with advice in relation to this portfolio, while you, the investor, will determine the investments held and any changes to those investments by instructing us on each and every transaction. You will then receive the relevant contract note or acknowledgement, to confirm the details of the transaction.

Our understanding of the basis of provision of advice to you is as follows:

You request our advice on each of the securities in your portfolio and to receive recommendations for other securities or opportunities that you may wish to consider.

Asset Allocation ¹



Portfolio Valuation ²



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Interim Only

Portfolio Appraisal

Securities listed by market on which they trade

Eastern & Central Community Trust Inc

1870575 GPW

Sunday 31 July 2016

New Zealand Dollar		Local Currency				
Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	% Asset (1)
Cash						
At Call						
	Forsyth Barr Cash Management		2,773,698.27		2,773,698.27	7.3%
Maturing within 90 Days						
1,000,000	Genesis Energy Limited 15/09/2016 7.185% (Bond)	1.01	1,005,116.20	1.005	1,005,405.84	2.7%
1,000,000	Sky Television Network Limited 16/10/2016 3.38% (Bond)	1.00	995,995.00	1.000	1,000,000.00	2.6%
	Accrued Interest				26,943.75	0.1 %
			4,774,809.47		4,806,047.86	12.7%
Fixed Interest						
Direct						
2,000,000	Auckland International Airport Limited 15/11/2016 8.00% (Bond)	1.00	2,000,000.00	1.015	2,029,887.62	5.5%
1,000,000	Meridian Energy Limited 16/03/2017 7.55% (Bond)	1.00	1,000,000.00	1.026	1,025,815.31	2.8%
1,926,000	Vector Limited 15/06/2017 7.00% (Bond)	1.01	1,943,434.57	1.021	1,966,691.37	5.2%
1,250,000	Powerco Limited 28/09/2017 6.74% (Bond)	0.93	1,158,448.47	1.041	1,300,768.42	3.5%
600,000	Kiwibank Limited 15/12/2017 5.80% (Bond)	1.00	600,000.00	1.018	611,014.11	1.6%
500,000	Infratil Limited 15/11/2018 6.85% (Bond)	1.04	520,291.58	1.062	531,038.64	1.4%
500,000	Fletcher Building Industries Limited 15/03/2019 6.45% (Bond)	1.00	500,000.00	1.059	529,697.80	1.4%
1,375,000	Contact Energy Limited 15/05/2019 5.80% (Bond)	1.00	1,375,000.00	1.066	1,465,520.01	3.9%
2,000,000	ASB Bank Limited Subordinated Notes 15/06/2024 6.65% (Bond)	1.00	2,000,000.00	1.051	2,101,507.84	5.6%
1,870,000	Mercury NZ Limited 11/07/2044 6.90% (Bond)	1.00	1,870,000.00	1.059	1,979,878.78	5.3%
250,000	Kiwi Capital Funding Limited 15/07/2024 6.61% (Bond)	1.00	250,000.00	1.052	263,030.59	0.7%



Interim Only

Portfolio Appraisal

Securities listed by market on which they trade

Eastern & Central Community Trust Inc

1870575 GPW

Sunday 31 July 2016

New Zealand Dollar		Local Currency				
Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	% Asset (1)
2,250,000	TrustPower Limited 15/09/2019 6.75% (Bond)	1.00	2,250,000.00	1.080	2,430,867.56	6.5%
1,500,000	Fletcher Building Industries Limited 15/03/2021 4.75% (Bond)	1.00	1,500,000.00	1.031	1,547,008.53	4.2%
250,000	Sky Network Television Limited 31/03/2021 6.25% (Bond)	1.00	250,000.00	1.105	276,295.87	0.7%
700,000	Chorus Limited 06/05/2021 4.12 % (Bond)	1.00	700,000.00	1.025	717,422.86	1.9%
600,000	Wellington International Airport Limited 15/05/2021 6.25% (Bond)	1.00	600,000.00	1.111	666,566.44	1.8%
750,000	Kiwi Property Group Limited 20/08/2021 6.15% (Bond)	1.00	750,000.00	1.117	837,652.08	2.3%
2,000,000	Christchurch International Airport Limited 04/10/2021 6.25% (Bond)	1.01	2,014,084.40	1.127	2,253,040.70	6.1%
450,000	Contact Energy Limited 15/11/2021 4.40% (Bond)	1.00	450,457.50	1.043	469,480.21	1.3%
2,000,000	Spark Finance Limited 10/03/2023 4.51% (Bond)	1.02	2,045,201.92	1.072	2,143,194.65	5.7%
1,400,000	Wellington International Airport Limited 12/05/2023 4.25% (Bond)	1.01	1,415,283.97	1.027	1,437,288.96	3.8%
2,000,000	Bank of New Zealand Subordinated 17/12/2025 5.314% (Bond)	1.00	2,000,000.00	1.029	2,057,361.86	5.5%
958,000	Genesis Energy Limited 15/07/2041 6.19% (Bond)	1.07	1,022,535.58	1.028	984,345.00	2.6%
	Accrued Interest				315,481.95	0.8 %
Perpetuals						
500,000	ANZ Bank New Zealand Limited Perpetual 5.28% (Perpetual Bond)	1.00	500,000.00	1.025	512,750.00	1.4%
500,000	Credit Agricole Perpetual Deeply Subordinated Notes 5.04% (Perpetual Bond)	1.00	500,000.00	0.880	440,000.00	1.2%
12,750	Nufarm Finance NZ Limited Preference Shares 6.355% (Perpetual Bond)	115.74	1,475,694.44	90.000	1,147,500.00	3.0%
1,000,000	Rabobank Nederland Perpetual 3.4925% (Perpetual Bond)	1.00	1,000,000.00	0.960	960,000.00	2.5%



Interim Only

Portfolio Appraisal

Securities listed by market on which they trade

Eastern & Central Community Trust Inc

1870575 GPW

Sunday 31 July 2016

New Zealand Dollar

Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	% Asset (1)
			31,690,432.43		33,001,107.16	87.3%
Total			36,465,241.90		37,807,155.02	100.0%
Exchange rate to New Zealand Dollar (FX = 1.0000)						
New Zealand Dollar Market Value of New Zealand Dollar assets:						
\$37,807,155.02						

Securities traded in this market are held by Forsyth Barr Custodians Ltd, New Zealand, with the exception of cash which is held by Forsyth Barr Cash Management Nominees Ltd, New Zealand.



Interim Only

Movements

Securities listed by market on which they trade

Eastern & Central Community Trust Inc

1870575 GPW

From 1 July 2016 To 31 July 2016

Date	Description	Quantity Held Open	Movement	Quantity Held Close
New Zealand Dollar Transactions				
Mercury NZ Limited (NS) (Bond)				
29/07/16	Name Change from MRP010 - Mighty River Power Limited Capital Bonds 11/07/2044 6.90%	0	1,870,000	1,870,000
Mercury NZ Limited (NS) (Bond)				
29/07/16	Name Change to MCY010 - Mercury NZ Limited (NS) Capital Bonds 11/07/2044 6.90%	1,870,000	(1,870,000)	0

This schedule reports on any transaction that results in a consequential increase or decrease in your portfolio holding.

The information shown in this report is obtained from various sources believed to be reliable. While every effort has been made to ensure accuracy, no liability is accepted for any errors or omissions.



Interim Only

Cash Ledger

Eastern & Central Community Trust Inc
1870575 GPW

From 1 July 2016 To 31 July 2016

1. Current Cash Holdings

Currency	Amount	FX Rate	NZ Dollar Value
New Zealand Dollar			
Forsyth Barr Cash Management	2,773,698.27	1.0000	2,773,698.27
			2,773,698.27

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Interim Only

Cash Ledger

Eastern & Central Community Trust Inc

1870575 GPW

From 1 July 2016 To 31 July 2016

2. Cash Transactions

Date	Transaction	Value
New Zealand Dollar		
Forsyth Barr Cash Management		
	Opening Balance:	2,712,577.75
08/07/16	Transfer from Account Ledger	8,731.25
11/07/16	Transfer from Account Ledger	32,257.50
14/07/16	Transfer to Account Ledger	-9,375.00
15/07/16	Transfer from Account Ledger	14,825.05
15/07/16	Transfer from Account Ledger	8,262.50
31/07/16	Interest Received - Forsyth Barr Cash Management	6,419.22
	Closing Balance:	2,773,698.27
Account Ledger		
	Opening Balance:	0.00
08/07/16	Transfer from Account Ledger	-8,731.25
08/07/16	Interest Received - Rabobank Nederland Perpetual 3.4925%	8,731.25
11/07/16	Interest Received - Mighty River Power Limited Capital Bonds 11/07/2044 6.90%	32,257.50
11/07/16	Transfer from Account Ledger	-32,257.50
14/07/16	Portfolio Fee	-9,375.00
14/07/16	Transfer to Account Ledger	9,375.00
15/07/16	Interest Received - Kiwi Capital Funding Limited 15/07/2024 6.61%	8,262.50
15/07/16	Interest Received - Genesis Energy Limited 15/07/2041 6.19%	14,825.05
15/07/16	Transfer from Account Ledger	-14,825.05
15/07/16	Transfer from Account Ledger	-8,262.50
	Closing Balance:	0.00

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Interim Only

Income Summary

Eastern & Central Community Trust Inc
1870575 GPW

Prescribed Investor Rate (PIR) 0%
Withholding Tax Rate Exempt

From 1 July 2016 to 31 July 2016

All figures are shown in New Zealand Dollars (NZD)	Gross Amount	PIE Tax	Withholding Tax	Imputation Credits	Withholding Payment Credits	Issuer Management Fees	Net Amount
Cash & At Call	6,419.22						6,419.22
Fixed Interest	64,076.30						64,076.30
New Zealand Equities							
Foreign Equities							
Total Portfolio Income	70,495.52	0.00	0.00	0.00	0.00	0.00	70,495.52

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Performance Report: portfolio valuation

Internal rate of return (IRR) for the change in total portfolio value, adjusted for contributions/withdrawals, interest/dividends etc.

Eastern & Central Community Trust Inc

1870575 GPW

From 1 July 2016 To 31 July 2016

Reporting Currency New Zealand Dollars

Opening Market Value	37,427,481.04
Net Contributions/Withdrawals	0.00
Realised Gain	-102,004.14
Realised Price Gain	-102,004.14
Realised FX Gain	0.00
Unrealised Gain	323,171.44
Unrealised Price Gain	323,171.44
Unrealised FX Gain	0.00
Interest	70,495.52
Dividends	0.00
Change in Accrued Interest	106,117.41
Change in Dividends Receivable	-8,731.25
Portfolio Fees	-9,375.00
Closing Market Value	37,807,155.02
Price IRR for 0.08 Years	1.01%
FX IRR for 0.08 Years	0.00%
IRR for 0.08 Years	1.01%

This report is interim only and some of the figures included may be subject to change due to some data being unprocessed at the time this report is created. The IRR is calculated on a before tax but after fees basis. The information shown in this report is obtained from various sources believed to be reliable. While every effort has been made to ensure accuracy, no liability is accepted for any errors or omissions. The foreign exchange (FX) rates reported are the closing rates as at the close of business. Actual transaction FX rates may differ.

Report type:	Committee Information Papers
Recommendation:	None
Agenda item no:	8
Subject:	Appendices
Responsible for the report:	General Manager

Purpose of report:	To provide the A & R Committee with the Terms of Reference for the A & R Committee and the Work Plan
---------------------------	--

APPENDIX 2

TERMS OF REFERENCE

AUDIT AND RISK COMMITTEE

1. Membership

- 1.1 In accordance with clause 11(e) of the Eastern and Central Community Trust Inc. Trust Deed the Committee shall comprise at least four Trustees and such other persons (if any) as seen fit.
- 1.2 The Chair of the Trust shall be an ex-officio member of the Audit and Risk Committee with no voting rights.
- 1.3 The Chair, after consultation with Trustees, will make a recommendation to the Board on those Trustees to be appointed to the Audit & Risk Committee, and the Chair of the Audit & Risk Committee. The Chair of the Trust cannot be the Chair of the Audit and Risk Committee.
- 1.4 The Board will ratify the appointments at the first Trust meeting following the annual Trustee appointment.
- 1.5 A quorum of the Audit and Risk Committee shall be at least three Trustees.

2. Meetings and Voting

- 2.1 Voting shall be by simple majority. In the case of equality of votes the Chair of the Audit and Risk Committee shall have the casting vote.
- 2.2 Minutes shall be kept for all meetings of the Audit and Risk Committee and circulated to the full Trust Board.
- 2.3 Conflicts of Interest will be recorded in the minutes. The Chair will decide whether any affected Trustees may vote on an issue for which they have declared a conflict.
- 2.3 The Audit and Risk Committee shall have no executive powers with/in regard to its findings and recommendations. All recommendations must be presented to the full Trust Board.
- 2.4 The external auditors shall be given notice of all meetings and shall have the right to attend and speak.
- 2.5 The Committee shall meet either in person or by electronic means in months which fall between full Trust meetings

3 Responsibilities

- 3.1 The Audit and Risk Committee provides a formal forum for free and open communication between the Trust Board, the external auditors and management.
- 3.2 The primary objective of the Audit and Risk Committee is to assist the Trust in discharging the responsibilities relative to financial reporting, treasury management and risk management.
- 3.3 The Audit and Risk Committee shall have unlimited access to the Trust's external auditors and the General Manager. The Audit and Risk Committee is authorised to consult with independent experts when considered necessary.

4. Duties

- 4.1 The Audit and Risk Committee shall have such duties as shall be referred to it from time to time by the full Trust Board and will include:
- 4.2 Oversight of the Annual Financial Reporting and Audit Process. This will involve
 - Oversight of the annual production of the financial statements and related reports to ensure they are compliant with generally accepted accounting practices
 - liaising with the external auditors,
 - reviewing the annual audit plan with the external auditors,
 - reviewing audit findings in relation to the annual audit and matters relating to the financial statements, and monitoring the status of corrective actions required
 - reviewing compliance to relevant statutory reporting requirements,
 - recommending the appointment and review of the external auditors,
 - determining the audit fees,
 - assessing the performance of the auditor
- 4.3 Ensuring that the Trust has the appropriate policies in place and these policies are reviewed and monitored on a regular basis and reported to the Trust Board.
- 4.4 Receiving and reviewing the monthly financial reports, including investment performance of the Trust in months where a full Trust meeting is not held
- 4.5 Monitoring compliance with the Trust Deed and the Statutory Financial Reporting requirements as set in clause 15 of the Trust Deed.
- 4.6 Evaluation and monitoring of the Trust's risk management policies, practices and procedures. This would include monitoring the Trust's internal control environment to assess its adequacy.
- 4.7 Other such duties as shall be referred to the Committee from time to time by a full Trust Meeting.

5. Reporting and Accountability

The Audit and Risk Committee will report the following to the full Trust Board at each meeting of the Board or as appropriate ;

- 5.1 Recommendation for the approval of, and any changes to, the annual financial statements
- 5.2 The recommendations of the auditor and actions taken in response
- 5.3 The Committee's activities, in particular in relation to the duties outlined in clause 4 and any related significant results and findings
- 5.4 An annual report summarising the Committee's activities, any related significant results and findings and any recommended changes to the Committee's objectives and responsibilities.

Audit and Risk Committee Work-plan

Audit Workplan

Purpose To ensure that the Audit and Risk Committee have a workplan that will ensure duties as outlined in the Terms of Reference are delivered.

Context

The terms of reference sets out what duties the Audit and Risk Committee have been tasked with. This paper serves to review those duties, outline how the duties are to be performed and then form the basis of an annual workplan. The workplan forms the basis of Audit and Risk meeting agendas, spreading the duties appropriately over the year.

Audit and Risk Committee Work-plan

Duty per Terms of Reference	How is this delivered	When is it delivered	Workplan entry
Oversight of the Annual Financial Reporting and Audit Process	Discussions are held, a timeline is prepared by the GM which is reviewed and agreed to by the Committee. Progress against this plan is monitored at meetings. Drafts are reviewed when prepared and final review prior to presentation to the Board	The annual reporting and audit process is carried out from late January each year to the end of May when the financial accounts are approved by the full Trust.	January - discuss timeline for annual reporting process. April – review draft annual accounts. May – review final annual accounts for recommendation
Ensure they are compliant with generally accepted accounting practices	Compliance is ensured by the GM and accounting team monitoring changes in reporting standards. In 2016 an outside expert has been jointly funded by Community Trusts to review the requirements of the new standards and recommendations will be reviewed by the Committee. GM will ensure they are incorporated into the 2016 financial accounts. The audit report confirms they are compliant,	Reporting from the outside expert is expected by the end of January for review by the Committee. Any changes to be incorporated into the accounts for year end 2016 once the Board is informed and have approved.	January – review report from outside expert January – discuss with auditor any changes that they are aware of, discuss any areas of concern February – agenda item to discuss inclusion April – review draft accounts and confirm with GM compliance May – auditor will confirm compliance
Oversight of the annual production of the financial statements and related reports	Review and agree timeline with GM and auditor Provide input to GM Monitor progress over timeline	January - agree timeline Feb – May – monitor progress	January – agree timeline Feb – May – agenda item for progress report

Audit and Risk Committee Work-plan

liaising with the external auditors	Meetings are held pre and post audit outlined below. The Chair will work with the GM and auditor as required at the time of financial statement during the audit process		Janu May
Reviewing the annual audit plan with the external auditors	A meeting is held with the auditor before year end and before the audit commences	At the January meeting	Janu
Reviewing audit findings in relation to the annual audit and matters relating to the financial statements, and monitoring the status of corrective actions required	A meeting is held with the auditor at the completion of the audit. The auditor provides a letter of audit findings to be discussed and then audit findings are carried forward to each meeting to monitor as needed	Generally at the May meeting but will be at the completion of the audit and prior to sign off of the financial statements Audit findings and corrective actions are checked at each bi-monthly meeting	May June Augu Octo Dec
Reviewing compliance to relevant statutory reporting requirements	Part of audit process		
Recommending the appointment and review of the external auditors	<i>The auditor assessment is undertaken using the evaluation tool, self review, review by A & R with GM and then meeting with auditor. Continuation of the auditor is recommended to the Board annually.</i>	<i>Review is held post audit and recommendation made to the September meeting for continuation if within contract period.</i> <i>At end of each contract or if decision not to continue within a contract period.</i>	Unde July/ mee Sept Cont If ce Mee

Audit and Risk Committee Work-plan

Determining the audit fees	Fees are advised by the auditor at the pre-planning meeting, discussed by the committee then a resolution to recommend to the full Board	January meeting	January Board meeting
Assessing the performance of the auditor	See above		
Ensuring that the Trust has the appropriate policies in place and these policies are reviewed and monitored on a regular basis and reported to the Trust Board	There are a number of Board policies that are on the Board agenda for review and monitoring. (SIPO and Donations). There is not a comprehensive set of other policies that the Committee is aware of. Project for 2016 is to develop a policy framework. This would need to be reviewed and developed with A & R and then approved by the Board. Then a review and monitoring process can be formalised and implemented.		ongoing
Receiving and reviewing the monthly financial reports, including investment performance of the Trust in months where a full Trust meeting is not held	These are provided bi-monthly by the GM		February April June August October December

Audit and Risk Committee Work-plan

Monitoring compliance with the Trust Deed and the Statutory Financial Reporting requirements as set in clause 15 of the Trust Deed	<i>GM will provide a bi-monthly/quarterly or six monthly (?) signed confirmation that all aspects of the Trust Deed and Financial Reporting requirements have been met. A checklist is to be developed for sign off by the GM and tabling at the meetings</i>	Develop checklist by January meeting Then include on agenda for each meeting once time frame is confirmed	Febr April June August October December
Evaluation and monitoring of the Trust's risk management policies, practices and procedures. This would include monitoring the Trust's internal control environment to assess its adequacy.	Evaluation and monitoring is carried out by the development of the Risk Matrix (developed by GM and A & R and approved by Board), regular update and review of status by GM, reporting by GM to the A & R Committee and Board, closer review of each category once a year by A & R and full review by Board annually The internal control environment is generally assessed and documented by	The initial redevelopment of the matrix, scoring system, reporting/monitoring system and annual review will be discussed at January meeting and confirmed at February meeting. GM will report bi-monthly on Matrix Each risk category (3) will be reviewed/discussed in more detail once a year Once a year recommendations will be given to Board for inclusion in Board review Some Community Trusts currently have RFP's out for an assessment of their controls as well as their	Janu Febr April June August October December Febr Disc

Audit and Risk Committee Work-plan

	<p>the auditor as part of their audit work. Comment is then given to management and to A & R post audit. There are is no internal audit function being performed at present.</p> <p>Delivery of this duty needs further development</p>	<p>“performance”.</p> <p>These are things that the ECCT Trustees have raised also as an option. This option may wish to be considered as a starting point for ECCT to then develop an oversight method.</p>	
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Audit and Risk Committee Work-plan

Audit and Risk Committee Annual Workplan

January	Meet with auditor – audit plan/engagement letter/determine fees Review annual report preparation planning timeline RSM report – new financial reporting standards	
February	Monthly Accounts and Investment reports Independent review of internal controls Risk Register update Review Risk Category 1 Review annual report preparation timeline Review changes for new financial reporting for recommendation/report to Board Discuss policy framework for recommendation of a plan to Board (?)	
March	Meet with auditor for update Review annual report preparation timeline	
April	Monthly Accounts and Investment reports Risk Register update Confirm new reporting standard changes are incorporated in 2016 accounts Checklist for confirming compliance with Trust Deed and Statutory Reporting	
May	Post audit meeting Recommend annual financial statements to Board Review annual report preparation timeline	
June	Monthly Accounts and Investment reports Review annual report preparation timeline Risk Register update Audit findings list <i>Review auditor</i>	
July		
August	Monthly Accounts and Investment reports Risk Register update Audit findings list Auditor review Recommend Auditor to Board (if within contract) Review Risk Category 2	
September	Checklist for confirming compliance with Trust Deed and Statutory Reporting	
October	Monthly Accounts and Investment reports Risk Register update Audit findings list	
November		
December	Monthly Accounts and Investment reports Risk Register update	

	Review Risk Category 3 Audit findings list	
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