



Eastern & Central
COMMUNITY
TRUST

AUDIT & RISK COMMITTEE MEETING

Monday

27 February 2017

commencing at 3:00pm

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 27th FEBRUARY 2017 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 21st December 2016 : [pages 3 to 5](#)
3. Matters arising and action items: [pages 6 to 7](#)

OPERATIONAL REPORTS TO THE COMMITTEE

4. General Managers Report including financial reports; [pages 8 to 23](#)

COMMITTEE DECISION PAPERS

5. Risk Register Report: [pages 24 to 28](#)
6. Review of need for internal control or performance audit: [page 29](#)
7. A & R Work-plan Review: [pages 30 to 37](#)

COMMITTEE INFORMATION PAPERS

8. Fund Advisor and Fund Managers Monthly Reports: [pages 38 to 58](#)
9. General Business

Close of Meeting

Next meeting: 12:00pm March 23rd 2017 (Auditor present)

Report type:	A & R Committee Decision Papers
Recommendation:	That the Board receives and approves the draft Minutes from the A & R Committee meeting 21 st December 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 WEDNESDAY 21st DEC 2016, COMMENCING AT 3:00 PM.**

COMMITTEE MEMBERS BY TELECONFERENCE:

Shelly Mitchell-Jenkins (Chair), Stephen Kerr, Mark Kilmister

IN ATTENDANCE:

Jonathan Bell (General Manager) Rebecca Huckle (Secretary)

1. APOLOGIES

Geoff Milner

2. MINUTES FROM THE PREVIOUS AUDIT & RISK COMMITTEE MEETING: (Pg. 3)

2.1 RESOLUTION

The Committee resolved to approve the minutes of the previous meeting held on 27th October 2016 as a true and accurate record of the meeting.

M Kilmister / S Kerr

CARRIED

3 MATTERS ARISING FROM THE PREVIOUS MINUTES: (Pg. 7)

- The Public Trust was not discussed at the November meeting, however Michael Chamberlain and J Bell will have a discussion regarding their performance and will take up the issue in the New Year in the form of a letter outlining concerns.

3.1 ACTION ITEMS: (Pg. 8)

- S Mitchell-Jenkins stated that the internal audit review process along with what it encompassed was to be looked at next year.
- There is a need to discuss the private equity and private valuations in the New Year. J Bell advised that he will talk to Philip Pinkney in the New Year about this. He reminded the committee that there is an Audit & Risk meeting prior to the Board meeting in January.

4.0 GENERAL MANAGERS REPORT: (Pg. 9)

- J Bell advised that he didn't have the full MCA report in time for the meeting however from a financial point of view there is little change in the portfolio. \$90,000.00 for the CSI budget was signed off last month. Income is slightly behind budget but seems to be tracking positively.
- S Mitchell-Jenkins stated that \$90,000.00 for CSI shouldn't be expensed in entirety in the month. In December it will be reversed and will bring in what has been utilised to date. The prepayment will show in the balance sheet and reduce as the work is delivered which should be in line with the agreed terms.
- The hedging contract had been closed out in December with a payment of \$580k and per policy only the pound and euro are now hedged
- It was discussed that the PIMCO fund transfer could result in a loss booked against income, this will depend on the price at the time of transfer, some unrealised loss is already recorded.

5.0 RISK REGISTER REPORT: (Pg. 31)

- Reputational risk has been added to the register as requested at the November Board Meeting.
- Reputational risk was a result of other risks eventuating rather than a risk itself. As a result, it was hard to quantify it and fill in the matrix. More thought on this is needed. The Chair asked committee members to advise the GM with thoughts.
- In the future a view will be taken as to where the score numbers are changing, this will be the catalyst for discussion.

5.1 RESOLUTION

The A & R Committee considers the recommendation from the Chair of the A & R Committee and the General Manager to approve the updated risk register and matrix.

S Kerr / M Kilmister

CARRIED

6.0 POLICIES FOR APPROVAL: (Pg. 37)

- All policies presented were discussed by the committee.
- The A & R Committee agreed to recommend the following policies for approval by the Board at the January meeting;
 - Smoking Policy, Jury Leave Policy, Wellbeing Policy and Drugs and Alcohol Policy.

7.0 FUND ADVISOR AND FUND MANAGERS MONTHLY REPORTS: (Pg. 43)

- J Bell stated that the full MCA report is loaded in the Audit & Risk folders on the Trustee Login of the Website.
- The new reporting format will begin in January.
- It was agreed that the GM would ask Michael Chamberlain for his opinion on the level of investment in the consumer goods sector following some questions and comments from M Kilmister.
- There was further discussion about the cash held by Elevation Capital. The previous \$2m taken back has been used to invest in Private Equity. It was noted that Chris Swasbrook is still achieving what is asked of him. The issue will be raised with Michael Chamberlain again and discussed with Chris Swasbrook at his annual review.

8.0 GENERAL BUSINESS:

Nil

Meeting closed at 3:40 pm.

Report type:	A & R Committee Decision Papers
Recommendation:	That the Committee receives the action plan and any matters arising from the Minutes from the A & R Committee meeting December 21st 2016
Agenda item no:	3
Subject:	Matters arising and Action Plan
Responsible for the report:	General Manager

Purpose of report:	To provide the A & R Committee with the action plan from the previous committee meeting.
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A & R COMMITTEE ACTION PLAN

Meeting Date; 27th February 2017

#	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 & Jonathan	Feb 2017	Completed
3	Valuation of Private Equity – Need to consider these well before year financial year end in time for 2017 Audit	Shelly & Jonathan	Feb 2017	See GM Report
4	Chair of A & R Committee and General Manager to develop a process and timeline for 2017 Audit	Shelly & Jonathan	Nov 2016	Meeting held with A & R Committee in Jan 2017
5	Development of: <ul style="list-style-type: none"> • Auditor Rotation Policy and, • Include in ECCT Policy Manual 	Shelly & Jonathan	Jun 2017	Pending
6	Public Trust Performance – To be completed as part of the Annual Review process with Michael Chamberlain and the General Manager	Jonathan	May 2017	Pending
7	Internal Audit Reviews – Jonathan & Shelly have some information which they can share with the committee	Jonathan/Shelly	Feb 2017	Agenda Item 6
8	MCA External Review due Dec 2017 – General Manager to include in 2016-17 Budget	Jonathan	March 2017	Pending
9	Request opinion from Michael Chamberlain on the level of investment in consumer goods	Jonathan	March 2017	Pending

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 January 20172. The General Manager's report for the period to 23rd February 2017.
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 2016/17 Business Plan (inclusive of key Financial performance measures to 31 st Jan 2017), and other KPI's to 23rd Feb 2017. 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 JANUARY 2017

1.0 Executive Summary

Since the last Trust meeting the following points are noted;

1. Further hedging cover has been taken against the USD as per the mandate.
2. Our equity portfolios have been impacted by currency and fallen in value.
3. The world is still waiting expectantly to see what happens with the new president of the USA.

2.0 Financial Performance

2.1 Dashboard

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

2.2 Balance Sheet

- Both equity portfolios dropped from the previous month due changes in currency.
- YTD the total value of our portfolios has increased by \$1mill.

2.3 Income

- Realised income for the month was behind budget by \$337k. We had budgeted for a payment from PIMCO which has not eventuated.
- Income YTD is ahead of budget by \$588k.
- Elevation Capital continues to be behind budget by \$224k. This was noted at the presentation from Chris Swasbrook at the January Board meeting. Chris has contacted me since that meeting and is working on reducing the cash component of his portfolio and making some adjustments to try and increase the income between now and the end of the year.

2.4 Expenses

- Expenses for the month were lower than budgeted.
- Staff remuneration is under budget for the month due to timing with the three salary payments in January. This will right itself by the end of February.
- Consequently YTD expenses are now tracking slightly below budget.

2.5 Distributions

- Applications for the upcoming March meeting total 98, of which 18 are specials. At the time of writing this report I am unable to advise what level of funding request there are.
- The commitment schedule is now \$2.632 million.
 - We have contacted NZ Red Cross to see if they will be uplifting their grant. It was dependent on confirmation that full funding for their programme had been achieved.

2.6 Hedging

- Attached are the
 - BNZ Hedging Report for 31 Jan showing a positive \$478k position.
 - The MCA Hedging report for 14th Feb showing a negative \$84k position.
- The contracts mature on the 15th of March.
- The dollar was very volatile leading up to the close out date due to among other things Prime Ministers resigning
- Hedging is in place of;
 - \$4.5 mill against the Pound (50% as per policy)
 - \$9.8 mill against the Euro (50% as per policy)

- \$4.5 mill against the AUD (50% outside policy)
- \$21.0 mill against the USD (50% outside policy)
- The AUD position of 50% hedging was within policy, however the AUD has dropped against the NZD and is now outside policy. We will hold hoping that it will appreciate.
- The USD position of 50% hedging should be 75%. The decision was made to hedge 50% as a first step rather than straight into 75%. This has been vindicated by the USD dropping since the 15th of February and our current position is negative \$180k.
- We will monitor the contracts as we get closer to the maturity date.

2.7 Capital base

- The capital base graphs are attached.
- We have increased the amount accrued for the month of January by \$310k, and will continue to adjust this up to the end of the year.

2.8 Risk Register

- Agenda Item # 5

2.9 Commitment Schedule

- New Zealand Red Cross will be paid before the end of the month.
- YMCA Gisborne are still considering different options for painting buildings.

3.0 Action Plan

- The action plan is attached and is up to date.
- Valuation of Private Equity – I have asked Murray Lapworth, CFO, Rata Foundation and Liam Sheridan, CFO, Foundation North for their explanation of how they deal with the valuation of Private Equity in their Financial Statements. When I have this to hand I will circulate to the committee.

4.0 Policies for Approval

- Nil. I am still working on new policies and will forward these to Shelly Mitchell-Jenkins and Anna Hansen asking for her input as discussed at the January meeting of the Board.

5.0 HR

- Nothing to report

6.0 Other

- Nothing to report

Jonathan Bell
General Manager
22nd February 2017

ECCT MONTHLY FINANCIAL REPORTING DASHBOARD

Month End	Comparison Current Month to Budget 31st January 2017			Comparison YTD to Budget 31st January 2017			
	Actual (000's)	Budget (000's)		Actual (000's)	Budget (000's)		
Total Realised Income	\$ 0.241	\$ 0.578		\$ 6.894	\$ 6.306		For commentary please see GM's Report
Total Operating Expenses	\$ 0.113	\$ 0.129		\$ 1.424	\$ 1.454		
Net Disposable Investment Income	\$ 0.128	\$ 0.449		\$ 5.470	\$ 4.852		
Donations Approved	\$ 0.426	\$ 0.750		\$ 4.689	\$ 4.989		
Donations Written Back	\$ 0.002	\$ 0.020		\$ 0.079	\$ 0.085		
Surplus After Donations	-\$ 0.296	-\$ 0.321		\$ 0.860	-\$ 0.222		
Less Brokerage Fees	\$ 0.002	\$ -		\$ 0.056	\$ -		Not Budgeted For
Hedging Gain/Loss	\$ -	\$ -		\$ 3.039	\$ -		Not Budgeted For
Unrealised Income	-\$ 1.350	\$ -		-\$ 0.681	\$ -		
Surplus Income	-\$ 1.644	-\$ 0.321		\$ 3.162	-\$ 0.222		
Investments	Monthly Change			YTD Change		March 31st 2016 Value	
	Dec 2016 Value	Jan 2017 Value	(000's)	(000's)		(000's)	
Equity F Barr	56,556	55,342	-1,214	21		55,321	
Equity E Capital	49,132	48,326	-806	1,237		47,089	
NZ Bonds	37,729	37,854	125	894		36,960	
O'Seas Bonds	17,392	17,388	-4	- 1,099		18,487	
Own Cash	6,000	6,000	0	-		6,000	
	Total	164,910	-1,899	1,053	Total	163,857	
Complaints	Nil			Nil			
Investment Fluctuation Buffer							
	Currents Assets	\$ 169.428					
	Capital Base	\$ 149.200					
	%	113.56%	Less than 125%				

Value increased or ahead of budget
 No change
 Value decreased or behind budget

Eastern & Central Community Trust
Statement of Financial Position
As at 31 January, 2017

	Actual	Last Year
<u>Trust Funds</u>		
Surplus Income	3,162,496	1,165,850
General Reserves	143,837,079	162,332,729
Donations reserve	19,661,500	-
Total Trust Funds	166,661,075	163,498,579
<u>Current Assets</u>		
Petty Cash	150	66
Current	162,784	252,196
Imprest	793	1,050
Call	34,002	487,745
Conference 2017	19,236	22,752
Sundry Debtors	29,121	25,093
Prepayment of fees	80,563	-
Total Current Assets	326,647	788,902
<u>Investment Assets</u>		
New Zealand		
Shares Forsyth Barr	55,342,251	55,320,573
Shares Elevation Capital	48,326,475	47,088,886
Hedging Contracts NZ	478,634	178,217
Cash Self Term Deposits	6,000,000	6,000,000
Bonds Self	37,853,946	36,960,191
Te Kete Putea Ltd Partnership	54,394	54,394
Private Equity Pioneer Capital 11	1,503,663	1,216,822
Private Equity - Waterman Fund	1,062,500	-
Private Equity - Morrisons	1,031,864	-
Private Equity - Direct Capital V	30,823	-
Total New Zealand Investments	151,684,550	146,819,083
Overseas		
Bonds Pimco	17,388,067	18,486,729
Total Overseas Investments	17,388,067	18,486,729
Total Current and Investment Assets	169,399,265	166,094,714
<u>Fixed Assets</u>		
Fixed Assets at Cost	190,806	181,303
Accumulated Depreciation	(161,590)	(152,495)
Total Fixed Assets	29,216	28,808
Total Assets	169,428,481	166,123,522
<u>Current Liabilities</u>		
Donation Creditors	2,632,650	2,444,267
Trade Creditors	57,069	99,226
Creditor Accruals	77,686	81,450
Total Current Liabilities	2,767,405	2,624,943
Net Assets	166,661,075	163,498,579

EASTERN & CENTRAL COMMUNITY TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 10 PERIODS ENDING 31 January 2017

<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	1,978	500	1,579	12,700	8,400	28,884	10,000	31,168
Shares FBarr Dividend	65,625	80,000	61,814	1,679,181	1,600,000	1,532,084	1,882,500	1,751,752
Shares ECap Interest	2,415	500	465	11,702	8,200	28,901	10,000	30,327
Shares ECap Dividend	67,550	100,000	99,476	1,367,190	1,591,000	1,650,243	1,803,750	1,930,940
Bonds Self Interest	72,347	80,000	72,178	1,937,556	1,960,000	2,004,715	2,200,000	2,370,416
Cash Self Realised Income	22,538	17,000	19,130	189,068	168,000	209,845	201,000	244,636
Sundry Income	0	0	0	1,100	170	170	170	220
	<u>232,453</u>	<u>278,000</u>	<u>254,640</u>	<u>5,198,498</u>	<u>5,335,770</u>	<u>5,454,843</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	8,696	300,000	134,249	1,695,201	970,000	700,336	1,080,000	700,336
	<u>8,696</u>	<u>300,000</u>	<u>134,249</u>	<u>1,695,201</u>	<u>970,000</u>	<u>700,336</u>	<u>1,080,000</u>	<u>700,336</u>
<u>Total Realised Investment Income</u>	<u>241,149</u>	<u>578,000</u>	<u>388,890</u>	<u>6,893,699</u>	<u>6,305,770</u>	<u>6,155,178</u>	<u>7,187,420</u>	<u>7,059,794</u>
<u>Expenses</u>								
<u>Administration Expenses</u>								
Advertising- Statutory	0	0	0	33,131	34,000	40,646	34,000	40,646
Promotion	58	300	258	23,053	47,700	24,059	50,000	26,252
Rent & Services	7,006	9,000	7,982	92,198	101,400	91,473	115,000	106,290
Telephone	799	1,200	1,201	8,368	11,900	12,208	14,000	14,528
Postage	200	100	86	1,733	3,050	2,799	4,000	3,493
Kiwi Saver Net Contributions	1,284	680	622	14,275	13,630	13,609	16,000	16,848
Printing & Stationery	539	800	636	9,316	11,400	9,438	13,000	10,431
Insurance	0	0	0	4,955	6,000	5,387	6,000	5,387
General Expenses	390	130	133	3,101	2,450	2,517	3,000	2,927
Computer Services	529	900	642	46,897	51,100	71,570	67,000	89,767
Staff Remuneration	29,263	50,500	25,313	346,032	370,000	359,899	436,000	432,391
Staff Training	0	1,000	0	4,435	5,000	2,347	7,000	3,680
Staff Travel	46	1,200	291	11,039	19,600	18,286	24,000	20,192
Acc Levies	0	0	0	1,075	1,700	1,660	1,700	1,660
	<u>40,114</u>	<u>65,810</u>	<u>37,164</u>	<u>599,608</u>	<u>678,930</u>	<u>655,897</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	13,080	14,500	6,588	143,831	145,000	138,357	175,000	171,291
Meeting Expenses	0	2,500	2,195	3,102	53,500	52,751	65,000	52,662
Trustee Accommodation	1,240	0	0	8,513	0	0	0	0
Trustee Mileage	1,723	0	0	16,574	0	0	0	0
Trustee Meals/ Catering expenses	1,355	0	0	13,524	0	0	0	0
Trustee Vehicle rental	682	0	0	4,626	0	0	0	0
Trustee Training	0	0	0	2,360	12,000	1,405	12,000	1,405
Liability Insurance	0	0	0	10,149	12,715	10,034	12,715	10,034
	<u>18,080</u>	<u>17,000</u>	<u>8,784</u>	<u>202,678</u>	<u>223,215</u>	<u>202,547</u>	<u>264,715</u>	<u>235,392</u>
Fee Expenses								
Affiliation Fees	0	0	0	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	2,312	2,000	0	14,946	17,000	7,794	20,000	10,669
Professional Expenses	8,116	5,000	8,621	122,731	80,000	66,151	90,000	88,807
CS Expenses	0	0	0	40,186	30,000	0	30,000	0
ECCT Funding Project	0	0	0	10,000	0	0	0	0
Audit Fees	1,878	2,000	1,900	18,750	15,500	12,103	20,000	20,272
Custodian Fees	7,752	3,800	3,885	38,729	48,500	48,020	60,000	55,690
Fund Management Fees	33,408	33,000	33,564	334,972	324,000	328,363	370,000	395,348
	<u>53,466</u>	<u>45,800</u>	<u>47,970</u>	<u>611,641</u>	<u>552,000</u>	<u>485,475</u>	<u>627,000</u>	<u>593,830</u>
Depreciation	1,047	0	952	9,348	0	10,973	0	12,889
Amortisation	0	0	0	0	0	0	0	18,131
Profit/Loss on Disposal of Fixed Assets	0	0	0	896	0	0	0	147
	<u>1,047</u>	<u>0</u>	<u>952</u>	<u>10,244</u>	<u>0</u>	<u>10,973</u>	<u>0</u>	<u>31,167</u>
Total Operating Expenses	<u>112,707</u>	<u>128,610</u>	<u>94,870</u>	<u>1,424,172</u>	<u>1,454,145</u>	<u>1,354,893</u>	<u>1,682,415</u>	<u>1,634,880</u>
Net Disposable Investment Income	<u>128,442</u>	<u>449,390</u>	<u>294,020</u>	<u>5,469,528</u>	<u>4,851,625</u>	<u>4,800,286</u>	<u>5,505,005</u>	<u>5,424,914</u>
Donations								
Community Donations								
Special Donations	173,000	570,000	594,900	2,030,500	2,485,000	2,567,600	2,900,000	2,978,600
Standard Donations	252,950	180,000	166,700	1,787,746	1,740,000	1,684,560	1,941,005	1,885,627
Discretionary Donations	0	0	0	0	0	0	0	0

	<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>
Education Initiatives	0	0	0	305,000	174,000	93,500	174,000	93,500
Sports Trusts	0	0	0	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
	425,950	750,000	761,600	4,689,246	4,989,000	4,935,660	5,605,005	5,547,727
Regional Project Reserve Fund	0	0	0	0	0	0	0	0
Less Donation Written Back	-2,000	20,000	-500	-79,568	85,000	-351,868	100,000	-352,808
	423,950	0	770,000	4,609,678	5,074,000	4,583,792	5,505,005	5,194,919
Surplus From Investment Income After Dc	-295,508	-320,610	-467,080	859,850	-222,375	216,493	0	229,995
Realised Non Investment Income/ Expenditure								
New Zealand								
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	-168	0	-11,017	-55,717	0	-238,781	0	-321,262
Hedging Gain/Loss	0	0	0	3,039,738	0	-1,862,403	0	-2,467,071
Donds Disposal Gain/Loss	0	0	0	0	0	0	0	0
	-168	0	-11,017	2,984,021	0	-2,101,184	0	-2,788,333
Unrealised Investment Income								
New Zealand								
Shares FBarr Change in Currency	-1,556,288	0	1,996,714	-2,659,937	0	5,619,405	0	4,371,624
Shares FBarr Change in Value	353,675	0	-1,913,346	2,461,490	0	-2,079,944	0	-999,699
Shares ECap Change in Currency	-1,405,424	0	1,822,081	-3,877,938	0	5,280,801	0	3,472,292
Shares ECap Change in Value	599,994	0	-593,403	5,180,500	0	-4,278,838	0	-2,749,695
Hedging Change in Value	596,288	0	-1,452,049	300,417	0	-2,285,097	0	-625,895
Bonds Self Change in Interest	94,691	0	118,538	-21,865	0	12,559	0	-20,611
Bonds Self Change in Value	-33,216	0	92,297	-1,019,436	0	26,905	0	123,981
	-1,350,281	0	70,831	363,231	0	2,295,791	0	3,571,996
Overseas								
Bonds Fimo Change in Value	1,844	0	4,708	-1,044,606	0	-547,497	0	50,869
	1,844	0	4,708	-1,044,606	0	-547,497		50,869
	-1,348,605	0	64,523	2,302,646	0	-352,890	0	834,532
	-1,644,113	-320,610	-402,557	3,162,496	-222,375	-136,397	0	1,064,527

Committment Schedule

as at 1 February 2017.

<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				
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
7,320	Petane Marae	24383	30-Jul-15	51,500.00
4,174	Tauparanui Ki Heretaunga Te Kohanga Reo	24432	30-Jul-15	3,500.00
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
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
7,729	Wildbase Recovery Community Trust	24545	26-Nov-15	250,000.00
2,662	Central Hawke's Bay Agricultural & Pastoral Societ	24643	26-Nov-15	10,000.00
634	Mana Tamariki Incorporated Society	24649	26-Nov-15	2,000.00
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
2,639	Campion College	24764	26-Nov-15	5,000.00
7,588	Equippers Napier Trust	24752	27-Nov-15	1,500.00
7,753	Ashhurst Community Trust	24803	28-Jan-16	30,000.00
5,178	Gisborne District Council	24826	28-Jan-16	180,000.00
7,802	Schizophrenia Fellowship Wairarapa Branch Incorp	24863	31-Mar-16	2,000.00
728	Hawke's Bay Parents' Centre Inc	24872	31-Mar-16	3,500.00
7,713	Eketahuna Youth Trust	24459	26-May-16	40,000.00
5,469	Poupatate Marae	24830	26-May-16	20,000.00
4,233	Central Hawke's Bay District Community Trust	24964	26-May-16	140,000.00
1,861	Porangahau Primary School	24967	26-May-16	15,000.00
5,894	Hawke's Bay Regional Council	24986	26-May-16	40,000.00
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 Boa	24836	27-May-16	140,000.00
2,343	Ngata Memorial College	24915	28-Jul-16	40,000.00
1,881	Queen Elizabeth College	24990	28-Jul-16	20,000.00
4,886	Maraenui Golf Club Inc	25043	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
2,653	Carter Society Inc	25085	28-Jul-16	10,000.00
7,871	Sisterson Lagoon Restoration Trust	25092	28-Jul-16	3,000.00
7,343	Wairoa Young Achievers Trust	25095	28-Jul-16	40,000.00
7,864	Tairāwhiti Connnext Charitable Trust	25098	28-Jul-16	80,000.00
2,475	Te Kawau Playcentre	25109	28-Jul-16	2,400.00
7,588	Equippers Napier Trust	25172	28-Jul-16	10,000.00
7,674	Ka Pai Kaiti Trust	25175	28-Jul-16	18,000.00
3,867	Wharerangi Marae Trust	25178	28-Jul-16	40,000.00
889	Masterton Red Star Rugby Club	25007	29-Sep-16	6,800.00
4,201	Napier Sailing Club	25188	29-Sep-16	4,000.00
7,676	Wellington Gliding Club	25216	29-Sep-16	30,000.00
4,797	Pahiatua Golf Club Inc	25220	29-Sep-16	10,000.00
7,484	Rotary River Pathways Trust	25222	29-Sep-16	15,000.00
924	Rongotea School	25233	29-Sep-16	30,000.00
455	Hastings District Council	25274	29-Sep-16	30,000.00
4,474	Gisborne Tennis Club	25275	29-Sep-16	35,000.00

<u>Client Number</u>	<u>Client Name</u>	<u>Request Number</u>	<u>Date Approved</u>	<u>Balance Remaining</u>
7,890	Anglican Diocese of Waiapu - Puketapu Parish	25280	29-Sep-16	2,000.00
7,565	PTC Trust	25265	24-Nov-16	10,000.00
2,506	Young Men's Christian Assn - Palmerston Nth Inc	25268	24-Nov-16	18,000.00
246	Colyton School	25318	24-Nov-16	8,000.00
508	Hawke's Bay Squash Rackets Club Inc	25319	24-Nov-16	8,000.00
3,020	Hawke's Bay & East Coast Aero Club	25320	24-Nov-16	35,000.00
2,319	Taradale Softball Club Inc.	25323	24-Nov-16	3,500.00
4,191	Porangahau Country Club Inc	25342	24-Nov-16	40,000.00
5,834	Foxton Windmill Trust Inc	25346	24-Nov-16	15,000.00
2,954	Havelock North High School	25348	24-Nov-16	10,000.00
6,450	Pukaha Mount Bruce Board	25352	24-Nov-16	30,000.00
7,906	NZ Rural Games Trust	25358	24-Nov-16	10,000.00
7,601	Te Ora Hou Te Tairawhiti Charitable Trust	25366	24-Nov-16	4,000.00
5,194	NZ National Horse & Pony Show Assn Inc	25382	24-Nov-16	2,000.00
6,512	Hawke's Bay Regional Sports Park Trust	25383	24-Nov-16	4,000.00
1,126	Waimarama Surf Life Saving Club	25391	24-Nov-16	7,000.00
705	Mohaka School	25392	24-Nov-16	10,000.00
6,640	Canteen - Manawatu	25404	26-Jan-17	4,000.00
4,228	Learn n Live Ministries Trust	25405	26-Jan-17	4,000.00
1,058	Te Aute College	25406	26-Jan-17	25,000.00
4,860	Squash Eastern Inc	25407	26-Jan-17	3,000.00
7,593	House of Grace Trust	25408	26-Jan-17	4,000.00
5,259	Alan Duff Charitable Foundation	25409	26-Jan-17	4,000.00
7,412	RNZE Charitable Trust	25411	26-Jan-17	4,000.00
506	SPCA - Hawke's Bay	25412	26-Jan-17	4,000.00
254	Cranford Hospice Foundation Trust	25413	26-Jan-17	10,000.00
5,988	Wellington Museums Trust Inc.	25414	26-Jan-17	4,000.00
6,462	Legacy Centre	25415	26-Jan-17	4,000.00
3,301	Napier Repertory Players Inc.	25416	26-Jan-17	4,000.00
3,416	Bush Junior Hockey Club	25417	26-Jan-17	2,000.00
6,704	Christian Fellowship for Disabled Hawke's Bay	25418	26-Jan-17	4,000.00
323	Feilding Industrial Agricultural & Pastoral Associati	25419	26-Jan-17	1,000.00
4,918	Hawke's Bay Orienteering Club	25420	26-Jan-17	4,000.00
1,610	Koputaroa School	25421	26-Jan-17	2,000.00
7,529	Pourerere Beach Improvement Assn	25422	26-Jan-17	10,000.00
5,903	Tairawhiti Community Law Trust	25423	26-Jan-17	18,000.00
2,714	Dannevirke & District Agricultural & Pastoral Assn	25424	26-Jan-17	35,000.00
3,299	Napier Performing Arts Competitions Society Inc	25425	26-Jan-17	1,500.00
2,177	Carterton Tennis Club Inc.	25426	26-Jan-17	250.00
2,873	Gisborne City Vintage Railway Inc	25427	26-Jan-17	10,000.00
5,393	Order of St John - Central Regional Trust Board	25428	26-Jan-17	30,000.00
7,321	Wings Over Wairarapa Community Trust	25430	26-Jan-17	20,000.00
471	Havelock North Central Kindergarten	25431	26-Jan-17	3,500.00
4,384	Mahia Golf Club Inc	25432	26-Jan-17	10,000.00
5,750	Poverty Bay Agricultural & Pastoral Assn Inc	25433	26-Jan-17	15,000.00
3,610	Special Olympics NZ	25434	26-Jan-17	1,700.00
5,610	Palmerston Nth Golf Club Inc	25435	26-Jan-17	4,000.00
5,117	Athletics Hawke's Bay Gisborne Inc	25437	26-Jan-17	4,000.00
178	Bush Rock n Roll Club	25438	26-Jan-17	1,400.00
2,681	Clive Tennis Club Inc	25439	26-Jan-17	3,000.00
7,404	Equestrian Sports NZ Inc	25440	26-Jan-17	4,000.00
6,545	Hawke's Bay Ballet & Dance Inc	25441	26-Jan-17	4,000.00
7,008	Hawke's Bay Cook Islands Community Centre Soci	25442	26-Jan-17	10,000.00
3,127	Levin College Old Boys Rugby Club Inc	25443	26-Jan-17	4,000.00
657	Manawatu Youth Orchestra Inc	25444	26-Jan-17	1,000.00
735	Napier Toy Library	25445	26-Jan-17	4,000.00
6,447	St John's Presbyterian Church - Hastings	25446	26-Jan-17	4,000.00
3,767	Unity Singers Club	25447	26-Jan-17	4,000.00
1,243	Art Deco Trust Inc	25448	26-Jan-17	9,000.00
6,905	NZ Canoe Polo Assn Inc	25449	26-Jan-17	4,000.00

<u>Client Number</u>	<u>Client Name</u>	<u>Request Number</u>	<u>Date Approved</u>	<u>Balance Remaining</u>
6,789	Ruahine Ramblerz Leisure Marching Team	25450	26-Jan-17	1,500.00
5,572	Massey University	25451	26-Jan-17	2,000.00
7,469	Rangiwahia Environmental Arts Centre Trust Inc	25452	26-Jan-17	1,500.00
6,501	Basketball Hawke's Bay Inc	25453	26-Jan-17	4,000.00
7,925	Deaf Aotearoa Holdings Ltd	25454	26-Jan-17	8,000.00
4,569	Returned Services Assn Inc - Wairoa	25455	26-Jan-17	8,000.00
835	Parentline Manawatu Inc	25457	26-Jan-17	4,000.00
2,669	Central Hawke's Bay Settlers Museum Inc	25458	26-Jan-17	2,100.00
896	Riding for Disabled - Hastings	25459	26-Jan-17	2,500.00
811	Pahiatua Football Club	25460	26-Jan-17	3,600.00
6,472	Volunteering Hawkes Bay	25461	26-Jan-17	9,000.00
2,570	Alzheimers Disease & Related Dementia Soc. Wairarapa	25462	26-Jan-17	4,000.00
5,832	Bush Multi Sports Trust	25463	26-Jan-17	10,000.00
3,963	Levin Baptist Church Kindy & Care	25464	26-Jan-17	2,000.00
4,834	Choirs Aotearoa NZ Trust	25465	26-Jan-17	2,000.00
7,670	Hawkes Bay Wheelchair Sports Club Inc	25466	26-Jan-17	4,000.00
466	Hastings Gymnastics Inc	25467	26-Jan-17	3,500.00
4,848	Ngati Porou Hauora Charitable Trust	25468	26-Jan-17	30,000.00
7,927	Youthline Auckland Charitable Trust	25470	26-Jan-17	4,000.00
7,930	NZ Iris Society - Rangitikei Branch	25471	26-Jan-17	400.00
2,255	Oroua Downs School	25472	26-Jan-17	3,000.00
5,926	Buckingham Guards Marching	25473	26-Jan-17	4,000.00
6,843	Green Hub Trust	25474	26-Jan-17	2,000.00
4,261	Tiniroto Community Assn	25475	26-Jan-17	4,000.00
1,033	Takaro Kindergarten	25476	26-Jan-17	3,500.00
7,950	Manawatu Rangitikei Rural Support Trust	25513	26-Jan-17	1,000.00
Total for Eastern And Central				2,632,650.00
Report Totals				2,632,650.00

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

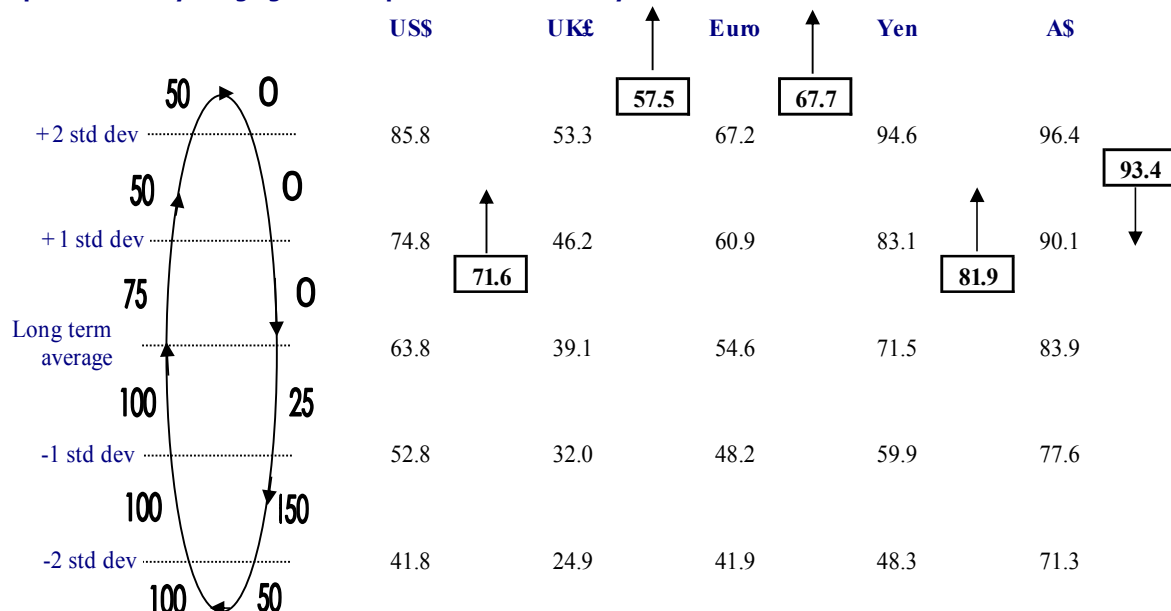
Tuesday, 31 January 2017

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
CB384837	NZD	4,500,000.00	GBP	2,513,115.00	0.558470	15-Mar-17	0.581288	176,266.63	0.582541
CB384840	NZD	9,800,000.00	EUR	6,546,890.00	0.668050	15-Mar-17	0.679106	159,062.89	0.681155
CB398078	NZD	4,500,000.00	AUD	4,274,865.00	0.949970	15-Mar-17	0.963010	60,912.43	0.963315
CB402850	NZD	21,000,000.00	USD	15,222,900.00	0.724900	15-Mar-17	0.727759	82,391.88	0.728700
Total								478,633.83	



Eastern & Central Community Trust

Equities currency hedging contract position at 15 February 2017



	US\$	UK£	Euro	Yen	A\$
Current exchange rate	0.7155	0.5747	0.6770	81.89	0.9343
Policy position (from the above graph)	75%	50%	50%	75%	0%
Current position	50%	50%	50%	0%	50%

Exposure as at 31 January 2017

Forsyth Barr	22.75	2.69	10.19		5.87
Elevation Capital	19.18	7.76	10.15		2.90
Total	41.93	10.45	20.35		8.77

Target cover at 15 Feb 17 (\$m)	31.4	5.2	10.2	0.0	0.0
Current contract cover	21.00	4.500	9.800		4.500
Strike rate purchased	0.7249	0.5585	0.6681		0.9500
Target minus current contract cover =	10.4	0.7	0.4	0.0	-4.5

Contract surplus (deficit) (\$m)	(\$0.27)	\$0.13	\$0.13	\$0.00	(\$0.07)
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Total current contract surplus (deficit) = (\$4,472.57)

Historical hedging actions

27 Jan 2017 - 50% hedged to US\$, UKP, EUR & AUD; 0% to Yen; maturity 15 Mar 2017.

13 Jan 2017 - 50% hedged to UKP, EUR & AUD; 0% to US\$ and Yen; maturity 15 Mar 2017.

7 Dec 2016 - 50% hedged to UKP and EUR; 0% to AUD, US\$ and Yen; maturity 15 Mar 2017.

6 Sep 2016 - 75% hedged to US\$, 50% to UKP, EUR and AUD; 0% to Yen; maturity 6 Dec 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

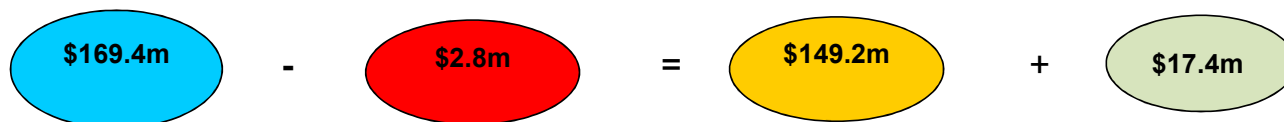
AS AT 31ST JANUARY 2017

CURRENT ASSETS

LIABILITIES

CAPITAL BASE

RESERVES

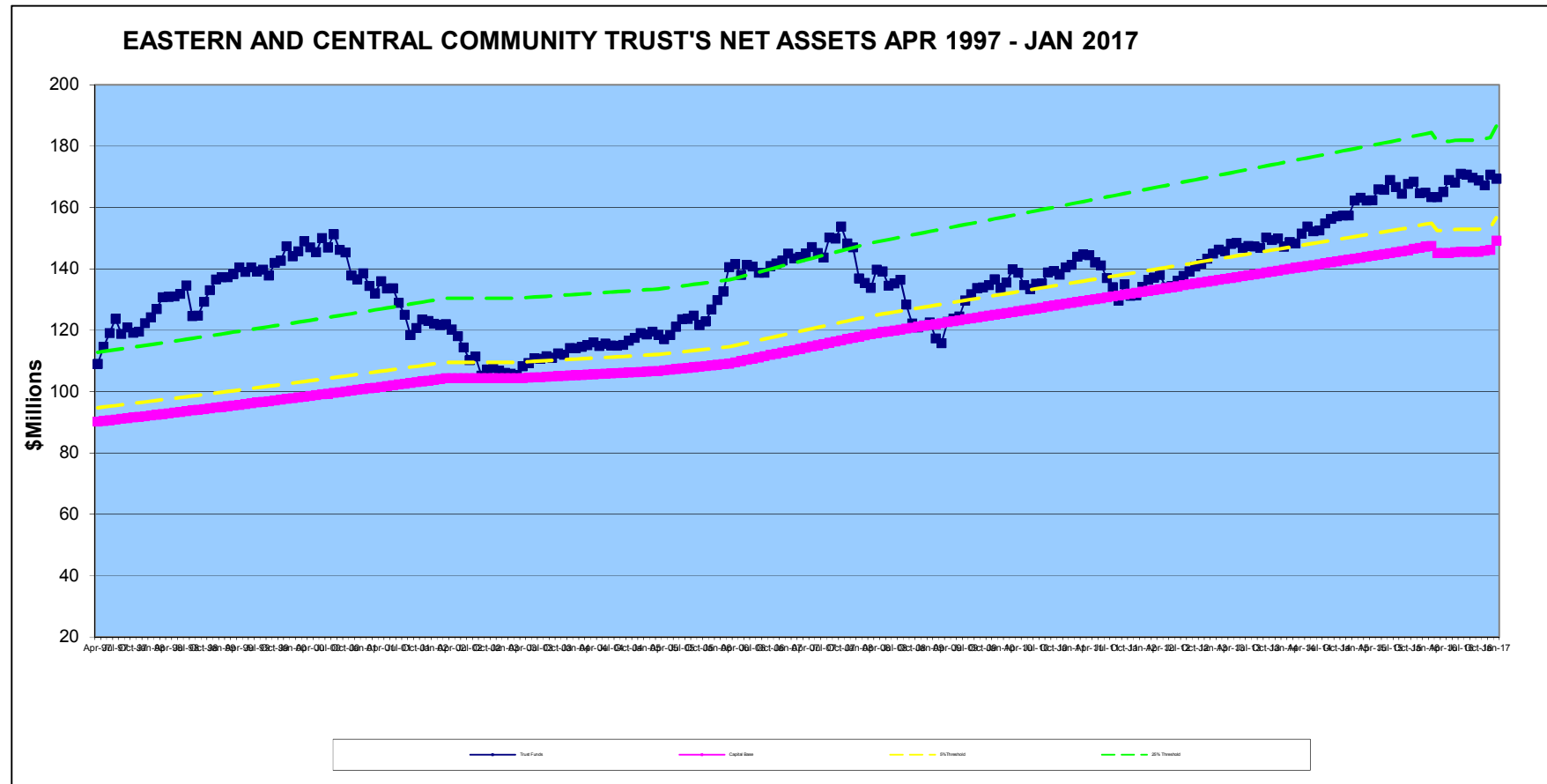


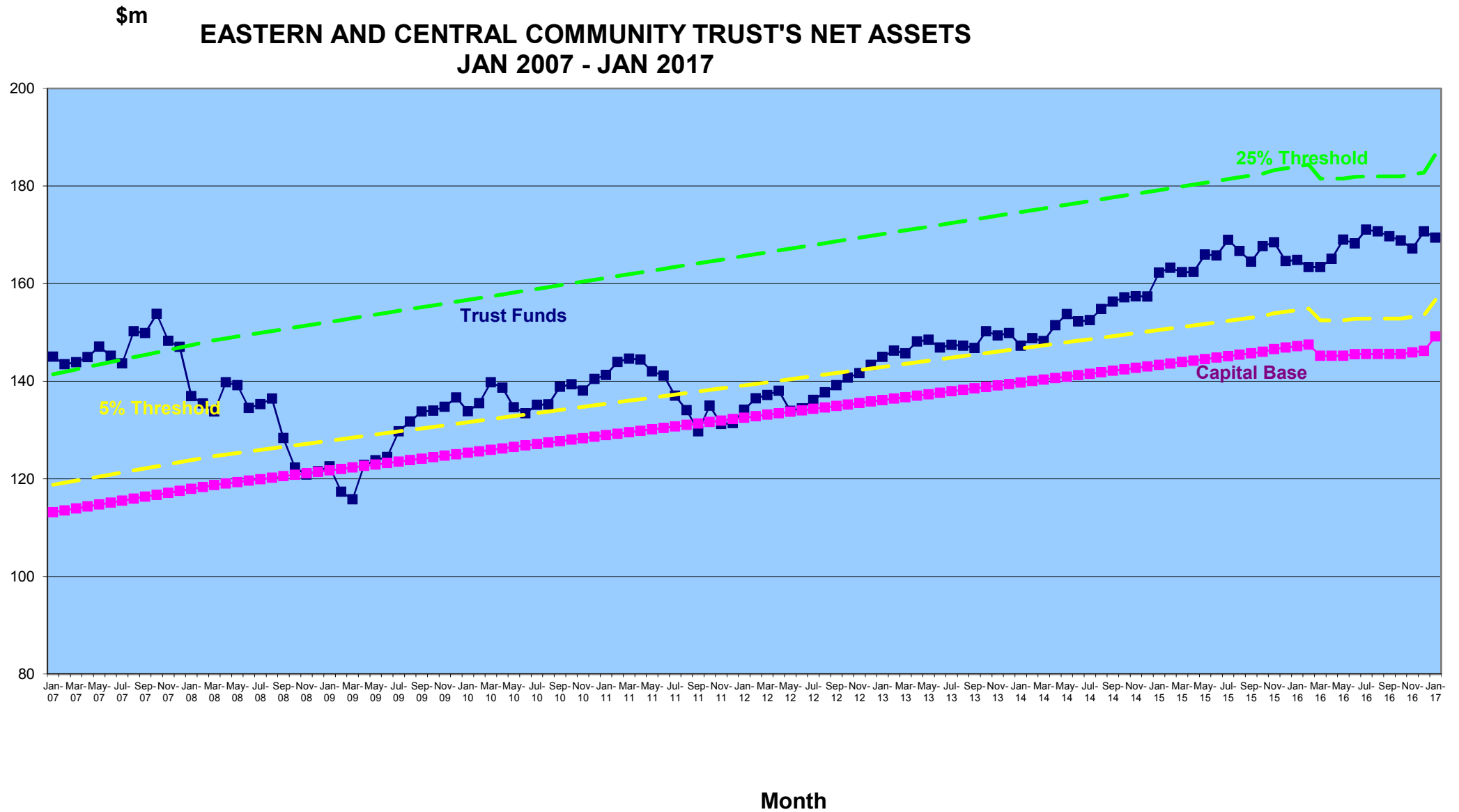
Benchmark (For Capital Base + maximum 25% in reserves)		Allowable Range	Tactical Target <small>Updated January 2015</small>	Actual Value \$m	Percentage of Current Assets	Percentage Variance from target	Variance from tactical target
60%	GROWTH ASSETS	50 - 65%	60%	\$107.3	63.3%	3.3%	-\$1.1
30.0%	Shares Forsyth Barr	22.5% - 37.5%	30.0%	\$55.3	32.7%	2.7%	\$4.5
30.0%	Shares Elevation Capital	22.5% - 37.5%	30.0%	\$48.3	28.5%	-1.5%	-\$2.5
0%	Private Equity	0% - 10%	4%	\$3.6	2.1%	-1.9%	-\$3.1
35%	INCOME ASSETS	25 - 45%	35%	\$55.2	32.6%	-2.4%	-\$4.0
27.5%	NZ Bonds	20 - 35%	27.5%	\$37.9	22.3%	-5.2%	-\$8.7
7.5%	Overseas Bonds	5% - 10%	7.5%	\$17.4	10.3%	2.8%	\$4.7
5%	LIQUID ASSETS	2 - 10%	5%	\$6.9	4.0%	-1.0%	-\$1.6
5%	Self-managed Cash (Incl Hedges & TKP)	2 - 10%	5%	\$6.9	4.0%	-1.0%	-\$1.6
100%	TOTAL		100%	\$169.4	100.0%		-\$6.8

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%.





back to
agenda

Report type:	A & R Committee Decision Paper
Recommendation:	The A & R Committee reviews and notes the Risk Register and associated matrix
Agenda Item	5
Subject:	Monthly review of Risk Register and Risk Matrix
Responsible for the report:	General Manager

Purpose of report:	To present the A & R Committee with the updated Risk Register and matrix for review and noting.
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The A & R Committee;

1. Review the Risk Register and risk matrix
2. Note no major changes since the January report to the Board.

Jonathan Bell
General Manager
January 2017

E&CCT RISK REGISTER

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Risk Response	Risk Score
	Strategic Objective 1	Capital - to preserve the capital base in real terms while making optimal annual distributions					Likelihood x Significance
1	Equity Crash or prolonged period of negative returns	High	Significant	Trustees/General Manager/Advisor	Reserving policy, asset allocation, diversification & monitored monthly.	Review impact on portfolio and income generation. Advise Chair. Call special meeting if required. Adjust donations if necessary.	16
2	Global or local failure of financial markets	High	Significant	Trustees/General Manager/Advisor	Monthly reporting. Diversification of assets.	Review impact on portfolio and income generation. Advise Chair. Call special meeting if required. Adjust donations if necessary.	16
3	Currency Fluctuations	High	Significant	Executive/Trustees General Manager/Advisor	Currency Policy in place. FX monitored & reviewed monthly.	Act according to Policy. Change policy according to Financial model and advice from Fund Advisor.	16
4	SIPO inappropriate for purpose	Medium	Medium	Fund Managers/ Financial Advisor/ Trustees	Annual Review of SIPO, input from Funds Advisor and Fund Managers	Review and Change SIPO	6
5	Poor performance & advice from Financial Advisor	Low	Significant	Trustees/General Manager/ Financial Advisor	Appointment process in place with appropriate due diligence. Annual review of Advisor to measure performance against KPI's. Independent review every five years.	Monitor and advise concerns to Fund Advisor as appropriate. Replace the financial advisor if necessary.	8
6	Fund Manager not adhering to fund mandate or not holding a satisfactory internal controls assurance report	Low	Medium	Fund Managers/ General Manager/ Financial Advisor	Mandates provided to fund managers at appointment. Monitored monthly by Financial Advisor & General Manager. Annual review of Fund Managers reported annually to the May Board Meeting.	Provide feedback on annual review expressing any concerns. General Manager and/or Financial Advisor to advise the Board immediately of any concerns regarding internal controls. Replace the fund manager.	4
7	Custodial Trustee - Doesn't pay accurately or on time. Ownership of assets is compromised	Low	Medium	Fund Advisor/ General Manager	Contract in place for provision of custodial services. Annual provision of internal controls audit. Annual review of services by Funds Advisor and General Manager	Consider alternative options if unsatisfactory performance.	4

E&CCT RISK REGISTER

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Risk Response	Risk Score
	Strategic Objective 2	Giving - to distribute Trust funds, in partnership with our communities and stakeholders, in a fair and effective manner					
8	Donations are not granted fairly on a geographical basis	Low	Low	Trustees/Staff	Historical trends analysed and presented annually to Board	Discussed at annual review of Funding Strategy and at Annual Strategic retreat. Any actions formulated at that time.	2
9	Donations are not granted fairly across ECCT's Categories e.g. Arts & Culture, Youth etc	Low	Low	Trustees/Staff	Historical trends analysed and presented annually to Board	Discussed at annual review of Funding Strategy and at Annual Strategic retreat. Any actions formulated at that time.	2
10	Ineffective Funding Strategy	Medium	Significant	Trustees/Staff	The Trust is developing this strategy along with appropriate frameworks and policies	To be Developed	12
	Strategic Objective 3	Organisation - to exercise effective governance and management that reflects best practice					
12	Acting outside NZ Law and key trust Documents	Low	Significant	General Manager /Trustees	Trustee induction includes reference to this. Processes and practice are documented and actioned. Required compliance noted on Audit Work Plan. Changes to legislation affecting Community Trusts advised by DIA.	Any concerns are raised with the Chair or Deputy Chair. Appropriate action taken to ensure compliance.	8
13	Business Continuity - Premises affected by Fire, Flood, Earthquake, Burglary, Terrorism etc	Very Low	Significant	Staff / Trustees	Contents Insurance etc. Risk Prevention Strategy for the computer system. Pandemic Influenza Contingency Plan	Initiate Business Continuity Plan.	4
14	Loss of key staff.	Medium	Medium	All staff	Insurance cover on the General Manager upon death ensures temporary appointment. ECCT follows good employer practices.	If urgent replacement required use employment agency. Initiate Business Continuity Plan.	6
15	Pandemic	Low	High	General Manager	Pandemic Policy in place	Pandemic Policy and Business Continuity Plan initiated.	6
16	Health & Safety of Employees	Low	Medium	Staff /Trustees	H & S Policy developed and reviewed annually . GM reports to Board bi monthly.	Actions taken according to H & S Policy.	4

E&CCT RISK REGISTER

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Risk Response	Risk Score
	FRAUD						
17	Inflated or fraudulent invoices	Medium	Medium	General Manager & Admin Officer	All invoices checked by General Manager. Contracted services reviewed and negotiated regularly. Budget to actual expenses monitored by Trustees.	Disciplinary and recovery action taken.	6
18	Credit Card	Low	Low	General Manager, Donations Assessors	Credit Card Policy in place. All Statements checked by GM for approval. GM Statement signed retrospectively by Chair. Credit Card Limits in place.	Only work related expenses. Abuse will lead to removal of card from staff member and possible disciplinary action.	2
19	False Staff and Trustee expense claims	Low	Low	All staff and Trustees.	Payment of expenses requires invoice and receipt of payment. All expense claims signed off by GM or Chair. Mileage claimed as per vehicle policy. AA claim rates are used. Payment authorised by two signatories.	Disciplinary and recovery action taken.	2
21	Unauthorised adjustments to Payroll.	Low	Medium	Staff/GM	Payroll approved & imported into desk banking by General Manager. Access to Payroll on two computers only with password protection. Payment authorised by two signatories	Disciplinary and recovery action taken.	4
22	Fictitious Application	Low	Low	Staff/Trustees	Requirements at the time of application e.g. Charities #, annual accounts, tax status etc. place onus on organisation to prove authenticity. Checked by staff.	Recovery action taken if funds have been paid. Organisation/People red flagged in system.	2
23	Funding inappropriate organisations	Low	Low	Staff/Trustees	Staff recommendations & full Board decision. Adherence to Donations Policy.	Monitor applicants at database entry time and rely on the community knowledge of Trustees and staff.	2
24	Misappropriation of a Donation	Low	Significant	Staff/Trustees	Accountability audit process on all special donations and random selection of standard donations.	Accountability form requested to be completed. Trust to request return of all funds if deemed appropriate. If fraud involved liaise with organisation and police. Stand down period for organisation.	8
25	Unauthorised Payments	Low	Significant	General Manager	Two authorised signatories required for all payments. Protected Disclosure Policy in place.	Disciplinary and recovery action taken.	8

E&CCT RISK REGISTER

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Risk Response	Risk Score
CYBER/ICT							
26	General Computer system failure	Medium	Significant	GM/Donations Assessor	Internal back ups (discs) stored off-site and back up in cloud. Recovery possible within 24 hours	Reconsider the current procedures. Apply Business Continuity Plan.	12
27	Te Kete Putea Failure (Financially)	Low	Medium	General Manager	TKP reports monthly, quarterly & annually to Community Trusts	Community Trusts discuss further application of funds on a pro-rata basis according to the size of investments	4
28	TKP not fit for purpose	Medium	Medium	General Manager	TKP management updates system regularly. TKP enhances system at request of Community Trust staff.	Annual review of TKP.	6
29	Te Kete Putea (DMS & FMIS) failure.	Medium	Significant	General Manager & providers	TKP back ups off-site. External providers support TKP. Help Desk in place.	Review of TKP by all CT's in 2017.	12
30	Security around electronic devices (Laptops, iPads, phones) for cyberhack	Low	Medium	Staff/Trustees	IT policy developed and Trustees and staff sign a IT Usage Contract. Firewalls and anti virus software in place. Monitoring by Tech servicing company.	Reapply passwords, review software annually, remove device if abuse or non adherence to policy by staff or Trustee.	4
31	Physical loss of electronic devices	Low	Medium	Staff/Trustees	All devices password protected. iPads have inbuilt tracking systems	Invoke tracking system. Disable devices if possible.	4
GENERAL							
32	Reputational Risk	Low	Medium	Staff/Trustees	Media statements are issued by the Chair or GM. Code of conduct in place outlining expected behaviour of Staff & Trustees	Actions taken in accordance with the Complaints Policy. Trustees to be contacted advising of any issues which would cause serious concern to the Trust	4

CHANGES SINCE LAST REVIEW

Document Control	Date	Action
Annual Review by Board		
Reviewed by A & Committee		

Changes have been made since the last review and are highlighted in yellow.

Report type:	A & R Committee Decision Paper
Recommendation:	The A & R Committee considers the review of the annual work-plan and considers a recommendation from the Chair of the A & R Committee regarding the need for an independent review of internal controls or a performance audit.
Agenda Item	6
Subject:	Recommendation of internal control or performance audit.
Responsible for the report:	A & R Committee Chair

Purpose of report:	To allow the A & R Committee to discuss the need for internal control or performance audits.
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Background

The A & R Committee annual work-plan notes two items to be considered by the A & R Committee;

1. Independent review of internal controls
2. Review the need for a performance audit.

Recommendation

This topic will be discussed at the meeting with a recommendation following that discussion.

Shelly Mitchell-Jenkins
Chair A & R Committee
February 2017

back to
agenda

Report type:	A & R Committee Decision Paper
Recommendation:	The A & R Committee considers the A & R Annual Work-Plan and its associated actions.
Agenda Item	7
Subject:	Review of A & R Committee Monthly Work-plan
Responsible for the report:	General Manager

Purpose of report:	To provide the A & R Committee with the annual work-plan and a review of actions items within that.
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Background

The annual work-plan is attached and the following items are for the committee to consider;

1. Monthly accounts – Included in the GM report agenda item # 4
2. Investment reports – Agenda item #8
3. Independent review of internal controls – Agenda item # 6
4. Risk Register Update – Agenda item #5
5. Review annual report preparation timeline – Verbal update at meeting to be provided by GM.
6. Review need for internal audit – Agenda item #6
7. Policy review per timeline – No policies are due for review in the month of February.

Jonathan Bell
General Manager
Feb 2017

ECCT Audit and Risk Committee Work-plan

Audit Work-plan

Purpose

To ensure that the Audit and Risk Committee have a work-plan 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 work-plan. The work-plan forms the basis of Audit and Risk meeting agendas, spreading the duties appropriately over the year.

ECCT Audit and Risk Committee Work-plan

#	Duty per Terms of Reference	How is this delivered	When is it delivered	Work-plan entry
1	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
2	Ensure the financial statements are compliant with generally accepted accounting practices	Compliance is ensured by the GM and accounting team monitoring changes in reporting standards. The audit report confirms they are compliant. Committee members who are CA's advise known changes, Community Trust's discuss and use of outside expert is used and can be funded jointly by Trusts	Ongoing but particularly relevant in the year end reporting process outlined in point 1	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
3	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
4	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		January – planning meeting May – post audit
5	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	January – review audit plan

ECCT Audit and Risk Committee Work-plan

#	Duty per Terms of Reference	How is this delivered	When is it delivered	Work-plan entry
6	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 – post audit meeting Bring “post-audit task list” to meetings - June August October December
7	Reviewing compliance to relevant statutory reporting requirements	Part of timeline agreement for preparation of accounts and audit	Confirm with GM that requirements met	August
8	Recommending the appointment of the external auditors	Appointment of new auditors at the end of each contract is per the policy (Being developed)	At end of each contract or if decision not to continue within a contract period.	September – RFP issued October – review proposal and recommend to November Trust meeting
9	Determining the audit fees	Fees are included in the contract but reported again by the auditor at the pre-planning meeting, discussed by the committee then a resolution to recommend to the full Board	January meeting	January – determine audit fees for Board approval at January Trust meeting
10	Assessing the performance of the auditor	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	Review is held post audit and recommendation made to the November meeting for continuation if within contract period.	Undertake review process in July/August to be confirmed at August meeting and recommended to September Board
11	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). Once the policy project is completed the A & R Committee will have a timetable for the review of each one which is then	Policy project started August 2016, will take some time to develop and approve by Trust. Following this the policy index will be part of each meeting	Ongoing Each meeting would usually have one or more policy reviews.

ECCT Audit and Risk Committee Work-plan

#	Duty per Terms of Reference	How is this delivered	When is it delivered	Work-plan entry
		recommended for amendment or otherwise to the Trust. New policies would either go directly to the Trust or be first reviewed by the Committee.	papers and one or more will be reviewed	
12	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
13	Monitoring compliance with the Trust Deed and the Statutory Financial Reporting requirements as set in clause 15 of the Trust Deed	GM will provided a certificate of compliance annually	After the requirements are due to have been met – August each year	August
14	Evaluation and monitoring of the Trust's risk management policies, practices and procedures.	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,	The initial redevelopment of the matrix, scoring system, reporting/monitoring system and annual review will be brought to the October meeting for recommendation to the November Trust meeting. GM will report bi-monthly on Matrix	February April June August October December
15	Monitoring the Trust's internal control environment to assess its adequacy.	The internal control environment is generally assessed and documented by the auditor as part of their audit work. Comment is then given to management	This can be considered at each meeting.	February April June August

ECCT Audit and Risk Committee Work-plan

#	Duty per Terms of Reference	How is this delivered	When is it delivered	Work-plan entry
		and to A & R post audit. There is no internal audit function being performed at present. The Committee should consider an independent controls review every couple of years or when key staff change, there is a major systems change or there is suspicion of some kind.		October December

ECCT Audit and Risk Committee Work-plan

Audit and Risk Committee Annual Work-plan

January	Monthly Accounts and Investment reports Meet with auditor – audit plan/engagement letter/determine fees Recommend fees to Board Review annual report preparation planning timeline	
February	Monthly Accounts and Investment reports Independent review of internal controls Risk Register update Review annual report preparation timeline Review need for internal audit Policy review per timeline	
March	Meet with auditor for update Review annual report preparation timeline	
April	Monthly Accounts and Investment reports Review draft annual accounts Risk Register update Review need for internal audit Policy review per timeline	
May	Monthly Accounts and Investment reports Meet with auditor Review and 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 Review need for internal audit Policy review per timeline	
August	Monthly Accounts and Investment reports Risk Register update Audit findings list Auditor review Recommend Auditor to Board (if within contract) Review need for internal audit Policy review per timeline Certificate of compliance with Trust Deed and Statutory reporting	
October	Monthly Accounts and Investment reports Risk Register update Audit findings list Review need for internal audit Policy review per timeline Review proposals for auditor (2016) and recommend appointment to Board	
December	Monthly Accounts and Investment reports Risk Register update	

ECCT Audit and Risk Committee Work-plan

	Audit findings list Review need for internal audit Policy review per timeline	
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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:	8
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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PIMCO

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 Jan 2017 to 31 Jan 2017

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 Jan 2017

Date	Investment Fund	Price	Units Held	Market Value	%
31/01/2017	PIMCO NZD Hedged Global Strategy Fund	\$928.2502	18,732.0910	\$17,388,067.22	100.00
31/01/2017	Total Investments			\$17,388,067.22	

Fund Transactions

PIMCO NZD Hedged Global Strategy Fund

Date	Transactions	Unit Price (\$)	Transaction Units	Amount (\$)	Unit Balance
01/01/2017	Opening Balance	928.4356		17,391,540.15	18,732.0910
03/01/2017	Distribution		0.0000	8,695.77	18,732.0910
31/01/2017	Closing Balance	928.2502		17,388,067.22	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

02 February 2017

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
January 2017**

Transaction Summary Eastern & Central Community Trust Inc
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The bond purchases over the period were as follows:

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

The bond sales over the period were as follows:

Issuer	Maturity Date	Face Value	Proceeds ²	Yield
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Nil

The bond maturities over the period were as follows:

Issuer	Maturity Date	Face Value	Coupon
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Nil

The cash purchases over the period were as follows:

Issuer	Maturity Date	Face Value	Cost ^{1,3}	Yield
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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
Hybrid:	\$9.678 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 **January** the following occurred:

- Nil.

During **February** the following will occur:

- **Contact Energy** has announced an issue of senior bonds, maturing in 2022 – details to follow;
- \$1m of **Meridian Energy** bonds mature in March – we expect the company to reissue but no details are available at this time.

Key Portfolio Information

Eastern & Central Community Trust Inc

Bond Maturity Analysis:

Maturity Date ¹	Portfolio Holding	
	\$ Face Value	%
2017 ²	\$6,276,000	18%
2018	\$1,958,000	6%
2019	\$4,375,000	13%
2020	\$2,000,000	6%
2021	\$8,250,000	24%
2022	\$2,000,000	6%
2023	\$6,270,000	18%
2024	\$1,870,000	5%
2025	\$0	0%
2026	\$0	0%
Perpetual	\$1,275,000	4%
	\$34,274,000	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-	\$2,000,000	5.8%
BBB+	\$11,500,000	33.6%
BBB	\$3,775,000	11.0%
BBB-	\$1,000,000	2.9%
BB+	\$6,104,000	17.8%
BB	\$0	0.0%
BB-	\$0	0.0%
Not Rated	\$9,895,000	28.9%
	\$34,274,000	100%
Average Weighted Credit:		BBB-



Interim Only

Portfolio Summary

Eastern & Central Community Trust Inc
31 January 2017

Account Number: 1870575

Advisor Name: Philip Williams

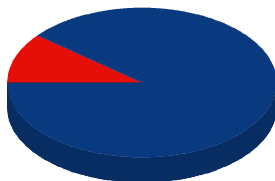
Premium Advisory Service

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

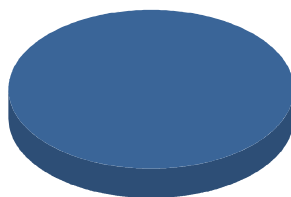


■ On Call to 90 Days ■ Fixed Interest

	NZ Dollar Value	Portfolio %
On Call to 90 Days	4,141,401.23	10.9
Fixed Interest	33,712,544.51	89.1
TOTAL	\$37,853,945.74	100.0

1. Underlying sectors in which the portfolio is invested

Portfolio Valuation ²



■ New Zealand Dollar

Assets by Currency	Exch Rate	NZ Dollar Value
New Zealand Dollar	1.0000	37,853,945.74
TOTAL		\$37,853,945.74

2. Currency of market on which the security trades

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. This report is not intended to replace your regular 'full' quarterly report. 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. If you are unsure of the appropriate tax treatment of your investments, you should consult your tax advisor. The foreign exchange (FX) rates reported are the closing rates as at the close of business on the relevant transaction date. Actual transaction FX rates may differ.



Interim Only

Portfolio Appraisal

Securities listed by market on which they trade

Eastern & Central Community Trust Inc
31 January 2017

Account Number: 1870575
Advisor Name: Philip Williams

New Zealand Dollar		Local Currency				
Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	% Asset (1)
Cash						
At Call						
	Forsyth Barr Cash Management		3,106,893.63		3,106,893.63	8.2%
Maturing within 90 Days						
1,000,000	Meridian Energy Limited 16/03/2017 7.55% (Bond)	1.00	1,000,000.00	1.006	1,005,934.40	2.7%
	Accrued Interest				28,573.20	0.1 %
			4,106,893.63		4,141,401.23	10.9%
Fixed Interest						
Direct						
1,926,000	Vector Limited 15/06/2017 7.00% (Bond)	1.01	1,943,434.57	1.008	1,941,941.45	5.2%
1,250,000	Powerco Limited 28/09/2017 6.74% (Bond)	0.93	1,158,448.47	1.024	1,280,299.47	3.4%
600,000	Kiwibank Limited 15/12/2017 5.80% (Bond)	1.00	600,000.00	1.011	606,827.25	1.6%
500,000	Infratil Limited 15/11/2018 6.85% (Bond)	1.04	520,291.58	1.036	517,916.82	1.4%
500,000	Fletcher Building Industries Limited 15/03/2019 6.45% (Bond)	1.00	500,000.00	1.045	522,550.19	1.4%
1,375,000	Contact Energy Limited 15/05/2019 5.80% (Bond)	1.00	1,375,000.00	1.046	1,438,436.73	3.8%
2,000,000	ASB Bank Limited Subordinated Notes 15/06/2024 6.65% (Bond)	1.00	2,000,000.00	1.038	2,076,888.60	5.5%
1,870,000	Mercury NZ Limited 11/07/2044 6.90% (Bond)	1.00	1,870,000.00	1.038	1,940,316.16	5.1%
250,000	Kiwi Capital Funding Limited 15/07/2024 6.61% (Bond)	1.00	250,000.00	1.030	257,382.70	0.7%
250,000	Trustpower Limited 15/09/2019 6.75% (Bond)	1.00	250,000.00	1.062	265,410.28	0.7%
1,500,000	Fletcher Building Industries Limited 15/03/2021 4.75% (Bond)	1.00	1,500,000.00	1.009	1,513,884.25	4.1%
250,000	Sky Network Television Limited 31/03/2021 6.25% (Bond)	1.00	250,000.00	1.066	266,522.78	0.7%
700,000	Chorus Limited 06/05/2021 4.12 % (Bond)	1.00	700,000.00	0.993	695,110.25	1.9%



Interim Only

Portfolio Appraisal

Securities listed by market on which they trade

Eastern & Central Community Trust Inc
31 January 2017

Account Number: 1870575
Advisor Name: Philip Williams

New Zealand Dollar		Local Currency				
Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	% Asset (1)
600,000	Wellington International Airport Limited 15/05/2021 6.25% (Bond)	1.00	600,000.00	1.076	645,317.84	1.7%
750,000	Kiwi Property Group Limited 20/08/2021 6.15% (Bond)	1.00	750,000.00	1.067	800,425.36	2.2%
2,000,000	Westpac Banking Corporation Subordinated Notes 01/09/2026 4.695% (Bond)	1.00	2,000,000.00	0.974	1,947,059.10	5.2%
2,000,000	Christchurch International Airport Limited 04/10/2021 6.25% (Bond)	1.01	2,014,084.40	1.076	2,151,130.40	5.8%
450,000	Contact Energy Limited 15/11/2021 4.40% (Bond)	1.00	450,457.50	1.000	449,996.31	1.2%
2,000,000	Trustpower Limited 15/12/2022 4.01% (Bond)	1.00	2,000,000.00	0.964	1,928,543.00	5.1%
2,000,000	Spark Finance Limited 10/03/2023 4.51% (Bond)	1.02	2,045,201.92	1.006	2,011,693.05	5.3%
1,400,000	Wellington International Airport Limited 12/05/2023 4.25% (Bond)	1.01	1,415,283.97	0.976	1,366,001.16	3.6%
870,000	Kiwi Property Group 07/09/2023 4.00% (Bond)	1.00	870,000.00	0.944	821,588.30	2.2%
2,000,000	Z Energy Limited Bonds 01/11/2023 4.32% (Bond)	1.00	2,000,000.00	0.958	1,916,899.88	5.1%
2,000,000	Bank of New Zealand Subordinated 17/12/2025 5.314% (Bond)	1.00	2,000,000.00	0.995	1,989,289.61	5.3%
958,000	Genesis Energy Limited 15/07/2041 6.19% (Bond)	1.07	1,022,535.58	1.022	978,597.00	2.6%
	Accrued Interest				303,504.07	0.8 %
Perpetuals						
500,000	ANZ Bank New Zealand Limited Perpetual 5.28% (Perpetual Bond)	1.00	500,000.00	1.024	512,000.00	1.4%
500,000	Credit Agricole Perpetual Deeply Subordinated Notes 5.04% (Perpetual Bond)	1.00	500,000.00	0.940	470,000.00	1.2%
12,750	Nufarm Finance NZ Limited Preference Shares 6.355% (Perpetual Bond)	115.74	1,475,694.44	88.550	1,129,012.50	3.0%
1,000,000	Rabobank Nederland Perpetual 2.8825% (Perpetual Bond)	1.00	1,000,000.00	0.968	968,000.00	2.6%



Interim Only

Portfolio Appraisal

Securities listed by market on which they trade

Eastern & Central Community Trust Inc
31 January 2017

Account Number: 1870575
Advisor Name: Philip Williams

New Zealand Dollar		Local Currency				
Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	% Asset (1)
			33,560,432.43		33,712,544.51	89.1%
Total			37,667,326.06		37,853,945.74	100.0%
Exchange rate to New Zealand Dollar (FX = 1.0000)						
New Zealand Dollar Market Value of New Zealand Dollar assets:						
\$37,853,945.74						

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

Cash Ledger

Eastern & Central Community Trust Inc
From 1 January 2017 To 31 January 2017

Account Number: 1870575
Advisor Name: Philip Williams

1. Current Cash Holdings

Currency	Amount	FX Rate	NZ Dollar Value
New Zealand Dollar			
Forsyth Barr Cash Management	3,106,893.63	1.0000	3,106,893.63
			3,106,893.63

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Interim Only

Cash Ledger

Eastern & Central Community Trust Inc
From 1 January 2017 To 31 January 2017

Account Number: 1870575
Advisor Name: Philip Williams

2. Cash Transactions

Date	Transaction	Value
New Zealand Dollar		
Forsyth Barr Cash Management		
	Opening Balance:	3,043,921.45
04/01/17	Transfer from Account Ledger	3,906.25
09/01/17	Transfer from Account Ledger	7,206.25
11/01/17	Transfer from Account Ledger	32,257.50
16/01/17	Transfer from Account Ledger	14,825.05
16/01/17	Transfer from Account Ledger	8,262.50
17/01/17	Transfer to Account Ledger	-9,375.00
31/01/17	Interest Received - Forsyth Barr Cash Management	5,889.63
	Closing Balance:	3,106,893.63
Account Ledger		
	Opening Balance:	0.00
04/01/17	Interest Received - Sky Network Television Limited 31/03/2021 6.25%	3,906.25
04/01/17	Transfer from Account Ledger	-3,906.25
09/01/17	Interest Received - Rabobank Nederland Perpetual 2.8825%	7,206.25
09/01/17	Transfer from Account Ledger	-7,206.25
11/01/17	Interest Received - Mercury NZ Limited 11/07/2044 6.90%	32,257.50
11/01/17	Transfer from Account Ledger	-32,257.50
16/01/17	Interest Received - Genesis Energy Limited 15/07/2041 6.19%	14,825.05
16/01/17	Interest Received - Kiwi Capital Funding Limited 15/07/2024 6.61%	8,262.50
16/01/17	Transfer from Account Ledger	-14,825.05
16/01/17	Transfer from Account Ledger	-8,262.50
17/01/17	Portfolio Fee	-9,375.00
17/01/17	Transfer to Account Ledger	9,375.00
	Closing Balance:	0.00

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. This report is not intended to replace your regular 'full' quarterly report. 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. If you are unsure of the appropriate tax treatment of your investments, you should consult your tax advisor.



Interim Only

Income Summary

Eastern & Central Community Trust Inc
From 1 January 2017 to 31 January 2017

Account Number: 1870575

Advisor Name: Philip Williams

Prescribed Investor Rate (PIR) 0%

Withholding Tax Rate Exempt

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	5,889.63						5,889.63
Fixed Interest	66,457.55						66,457.55
New Zealand Equities							
Foreign Equities							
Total Portfolio Income	72,347.18	0.00	0.00	0.00	0.00	0.00	72,347.18

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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

From 1 January 2017 To 31 January 2017

Account Number: 1870575

Advisor Name: Philip Williams

Reporting Currency New Zealand Dollars

Opening Market Value 37,729,498.65

Net Contributions/Withdrawals

0.00

Realised Gain

0.00

Realised Price Gain

0.00

Realised FX Gain

0.00

Unrealised Gain

-33,216.49

Unrealised Price Gain

-33,216.49

Unrealised FX Gain

0.00

Interest

72,347.18

Dividends

0.00

Change in Accrued Interest

101,897.65

Change in Dividends Receivable

-7,206.25

Portfolio Fees

-9,375.00

Closing Market Value 37,853,945.74

Price IRR for 0.08 Years

0.33%

FX IRR for 0.08 Years

0.00%

IRR for 0.08 Years

0.33%

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Monthly investment report to 31 January 2017

MCA statement

The investments are managed in accordance with the Sipo. We are not aware of any issues that require the trustees to take action.

Objective - \$7.2m target grants & operational costs

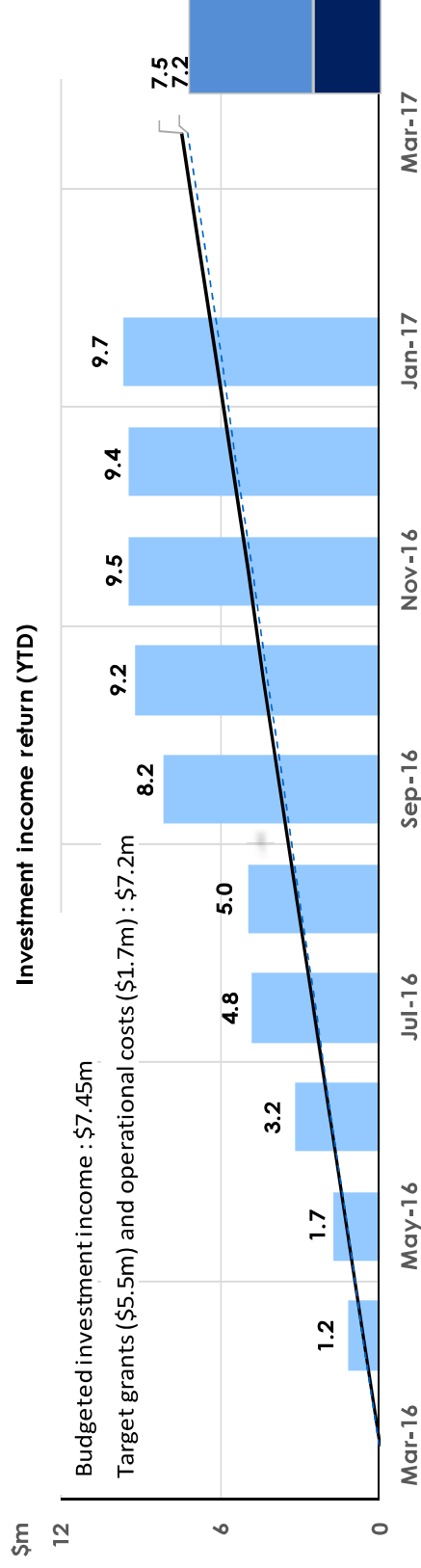
To receive each year actual investment income to fund the budgeted grants and operating costs, and total investment earnings to grow the capital base over the long term to protect the capital and future grants against the impact of inflation.

Year-to-date (since 1 April 2016)

The investment portfolio has generated \$9,678,673 of income and experienced negative \$479,981 of market movements since 1 April 2016. The total return has been \$9,198,692 or 5.63% since 1 April 2016. The income level is above the budget.

Assets: 169,313,959

Capital base: 146,440,332



31 January 2017

Summary

Overall Trust return (%)	Month	Year-to-date	Prior-year
Income return	0.14%	5.87%	2.60%
Market movement	-0.80%	-0.24%	2.00%
Total return	-0.66%	5.63%	4.60%
Benchmark return	-0.30%	5.92%	2.46%
Summary accounts (\$)			
Assets at start	169,773,278	165,961,700	164,434,367
Net cash flow	657,090	(5,846,433)	(5,949,316)
Income received/ (paid)	236,755	9,678,673	4,217,267
Growth gains/ (losses)	-1,353,165	-479,981	3,259,381
Total investment gains/ (losses)	-1,116,409	9,198,692	7,476,649
Assets at end	169,313,959	169,313,959	165,961,700
Income sector assets at end		61,568,660	62,235,822
Growth sector assets at end		107,745,299	103,725,879

Objectives

Liquidity



Income



Growth



Strategy



Trust performance



Manager performance

Cash



NZ bonds



Overseas bonds



Total listed shares



Elevation Capital



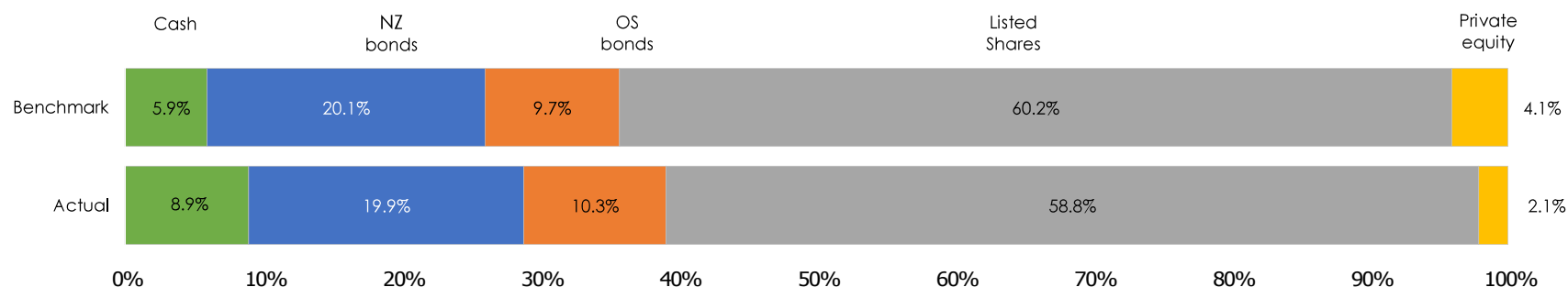
Forsyth Barr



31 January 2017

Investment strategy - by manager and asset type

	Listed shares	Private equity	Bonds	Cash	Total	Actual	
						\$	%
Growth							
Listed shares							
Elevation Capital	\$46,607,828			\$1,718,586	\$48,326,414	\$48.33m	28.5%
Forsyth Barr	\$52,884,547			\$2,457,677	\$55,342,224	\$55.34m	32.7%
Private equity							
Pioneer Capital		\$1,503,663			\$1,503,663	\$1.50m	0.9%
Waterman Capital		\$1,062,500			\$1,062,500	\$1.06m	0.6%
Morrison & Co		\$1,031,864			\$1,031,864	\$1.03m	0.6%
Direct Capital		\$0			\$0	\$0.00m	0.0%
						\$107.27m	62.7%
Income							
NZ bonds			\$33,712,545		\$33,712,545	\$33.71m	19.9%
Overseas bonds			\$17,388,067		\$17,388,067	\$17.39m	10.3%
						\$51.10m	30.2%
Cash							
Trust				\$6,326,647	\$6,326,647	\$6.33m	3.7%
Forsyth Barr				\$4,141,401	\$4,141,401	\$4.14m	2.4%
FX Overlay				\$478,634	\$478,634	\$0.48m	0.3%
						\$10.95m	6.5%
Total	\$99,492,375	\$3,598,027	\$51,100,612	\$15,122,945	\$169,313,959		
Current allocation (%)	58.8%	2.1%	30.2%	8.9%	100.0%		
Difference from benchmark	-1.4%	-2.0%	0.5%	3.0%			
Benchmark	60.2%	4.1%	29.7%	5.9%	100.0%		



31 January 2017

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/focus

Benchmark (\$)
Benchmark (%)

Current grants
Intergenerational
Equity
\$169.31 m
100.0%

Current assets vs benchmark

Current assets
Benchmark assets
Excess (shortfall)

\$107.75 m
\$109.31 m
-\$1.57 m

Current assets vs capital base

Current assets
Capital base
Excess (shortfall)

\$107.75 m
\$107.75 m
\$0.00 m

Current assets vs 125% x capital base

Current assets
Target assets
Excess (shortfall)

\$107.75 m
\$107.75 m
\$0.00 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. \$146.44m) 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.

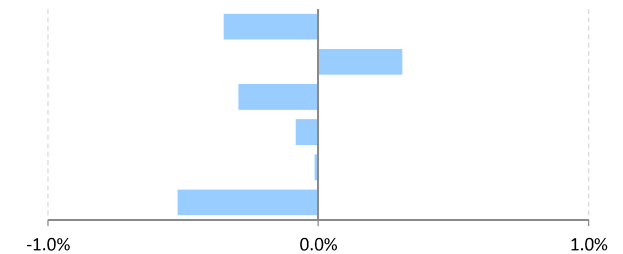
31 January 2017

Environment and market statistics

90-day bank bill rates

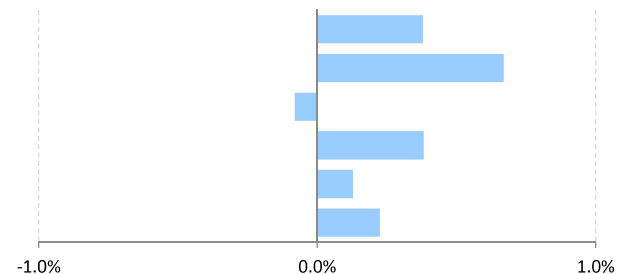
	Start of year 1 Apr 2016	Start of period 1 Jan 2017	End of period 31 Jan 2017	Movement	
				Month	Year-to-date
NZ	2.3%	2.0%	2.0%	0.0%	(0.4%)
US	0.2%	0.5%	0.5%	0.0%	0.3%
UK	0.5%	0.0%	0.2%	0.2%	(0.3%)
Euro	(0.2%)	(0.3%)	(0.3%)	(0.0%)	(0.1%)
Japan	(0.1%)	(0.2%)	(0.2%)	0.0%	(0.0%)
Australia	2.3%	1.8%	1.8%	(0.0%)	(0.5%)

Year-to-date (change)



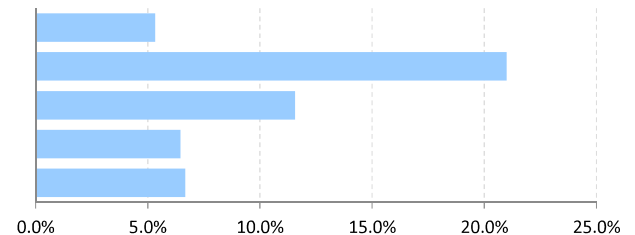
10-year government bond yields

	Start of year 1 Apr 2016	Start of period 1 Jan 2017	End of period 31 Jan 2017	Movement	
				Month	Year-to-date
NZ	3.0%	3.4%	3.4%	0.1%	0.4%
US	1.8%	2.5%	2.5%	0.0%	0.7%
UK	1.5%	1.4%	1.4%	(0.0%)	(0.1%)
Euro	0.9%	1.3%	1.3%	0.0%	0.4%
Japan	(0.0%)	0.0%	0.1%	0.0%	0.1%
Australia	2.5%	2.8%	2.7%	(0.0%)	0.2%



Exchange rates

	Start of year 1 Apr 2016	Start of period 1 Jan 2017	End of period 31 Jan 2017	Movement	
				Month	Year-to-date
US	0.6913	0.6968	0.7281	4.5%	5.3%
UK	0.4812	0.5671	0.5822	2.7%	21.0%
Euro	0.6101	0.6600	0.6806	3.1%	11.6%
Yen	77.82	80.99	82.84	2.3%	6.5%
Australia	0.9027	0.9622	0.9629	0.1%	6.7%



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)	1.8%	10.6%	17.5%	8.5%	11.7%
Japan (Nikkei 225)	(0.4%)	13.6%	8.7%	8.5%	16.7%
UK (FTSE 100)	(0.6%)	15.0%	16.7%	2.9%	4.6%
Germany (DAX)	0.5%	15.8%	17.7%	7.4%	12.3%
France (CAC 40)	(2.3%)	8.3%	7.5%	4.5%	7.6%
Australia (ASX 200)	(0.8%)	14.0%	17.3%	7.4%	10.6%
NZ (S&P/NZX 50)	2.5%	4.4%	14.3%	13.1%	16.4%
MSCINet div unhedged	(2.6%)	4.6%	3.3%	9.5%	12.5%
MSCINet div 50%hedged	(0.6%)	9.5%	11.0%	10.6%	13.7%
MSCINet div 100%hedged	1.4%	14.5%	19.0%	11.5%	14.6%

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.

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