

Perpetual Investment Fund Beliefs Framework

4. Sustainable Release

Quarterly release payments to NPDC are calculated as the sum of:

- 80% of the previous year's release income (plus inflation adjustment); and
- Income of 3.3% on 20% of the year end audited capital value of the PIF (plus inflation adjustment)

5. Policy and Strategy Beliefs

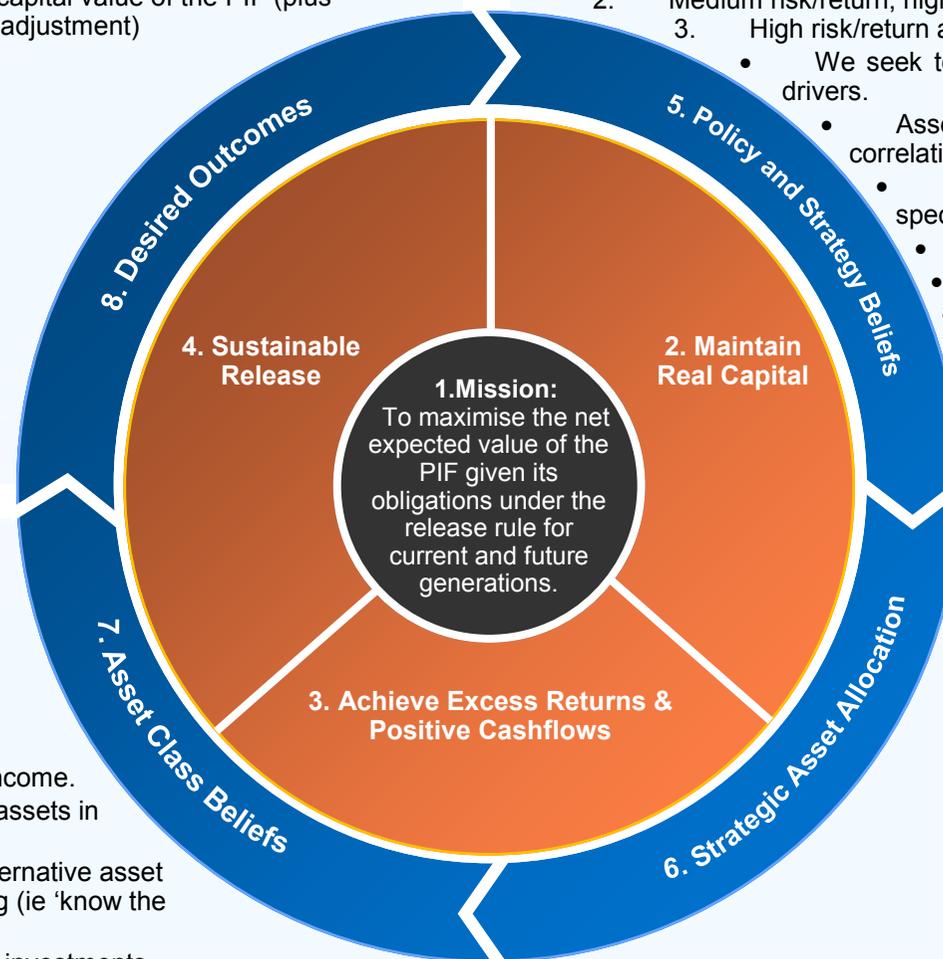
- We are long term direct and global investors with a perpetual timeframe which is a competitive advantage.
- Asset allocation is the primary driver of returns.
- We hold a three-part portfolio:
 1. Low risk/return investments with high liquidity.
 2. Medium risk/return, high cashflow investments with mid level liquidity.
 3. High risk/return alternative investments with low liquidity.
- We seek to fully understand our investments and their value drivers.
- Asset class diversification is important to reduce risk correlation.
- Geographic diversification minimises country specific risks.
- Stock Selection adds further diversification.
- Utilise best practice in governance and advisers.
- Maintain an independent, commercial, but accountable status.
- Risk Management adds value and is policy and portfolio based.

8. Desired Outcomes

- Maintain support of the Community and continue to advise NPDC.
- Provide a sustainable release payment to NPDC.
- Maintain and utilise tax benefits where appropriate.
- Minimise intermediaries.

7. Asset Class Beliefs

- Hold very high quality debt assets to maintain portfolio liquidity.
- Passive index related assets capture equity returns at least cost and risk.
- ETF's provide high liquidity, quality, and diversification at low cost.
- Equities will outperform cash and fixed income.
- Alternative assets will out perform other assets in the long term.
- Develop comprehensive and superior alternative asset investment information before transacting (ie 'know the business').
- Stay close to and monitor our alternative investments.
- Be able to influence outcomes and add value.
- Be able to achieve exit plan.



6. Strategic Asset Allocation	Target (%)
Cash	5%
Fixed Income	5%
NZ Equities	5%
Australian Equities	5%
US Equities	10%
European Equities	10%
Emerging Market Equities	10%
Property	20%
Other Alternative Assets	30%
Total	100%