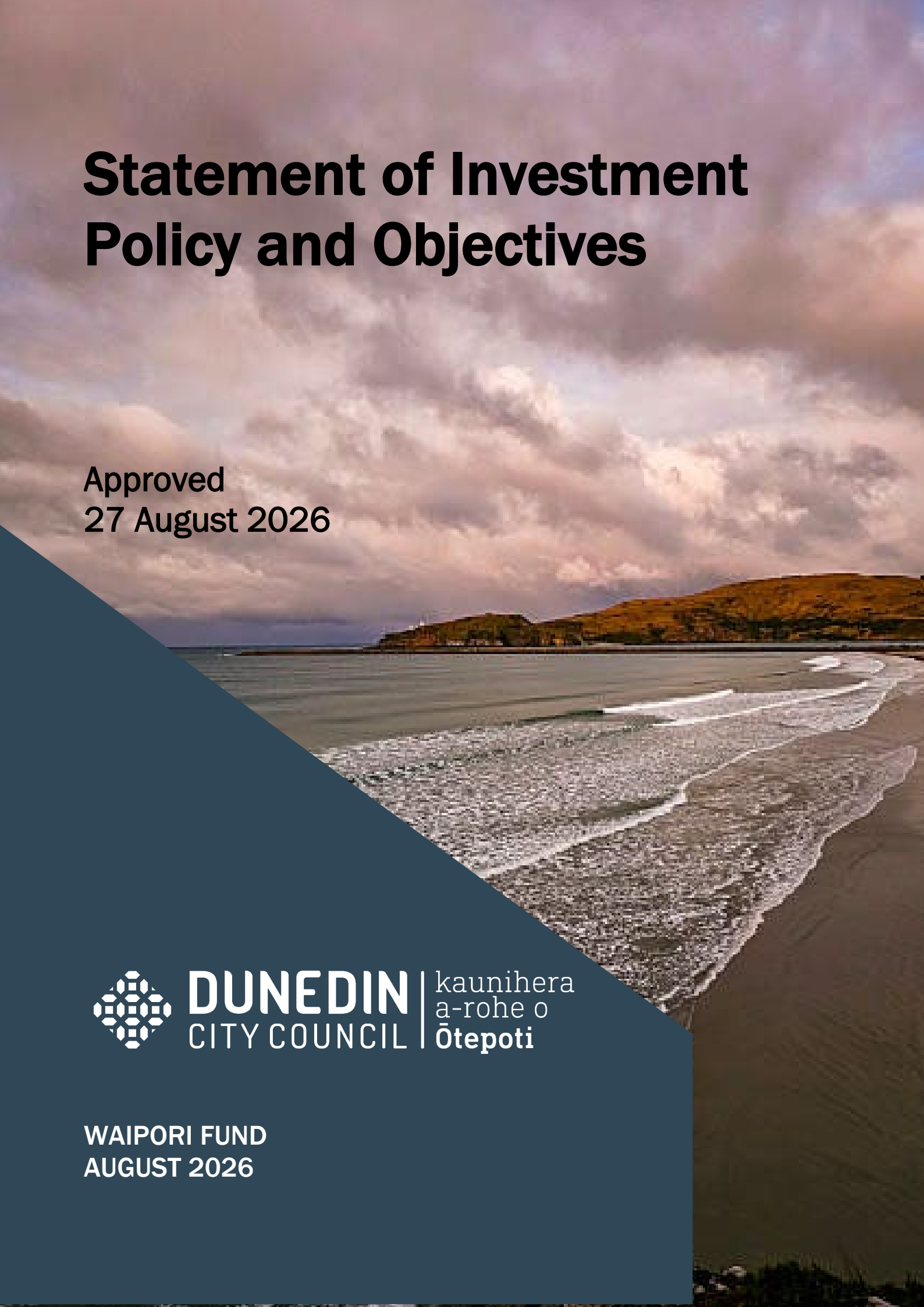
Statement of Investment Policy and Objectives

Approved
27 August 2026



DUNEDIN CITY COUNCIL | kaunihera a-rohe o Ōtepoti

WAIPORI FUND
AUGUST 2026

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Summary

Entity type	Local authority
Tax status	Tax-exempt in New Zealand
Fund size	$117.7 million at 30 June 2026
Investment time horizon	Perpetual
Strategic asset allocation	Growth portfolio: 80% growth assets / 20% income assets
Estimated 12-month return	7.2% p.a. (arithmetic i.e. the average return in any 12-month period)
Estimated long-run portfolio return	6.5% p.a. (compounding i.e. compound return over a 20-year period)
Estimated portfolio risk	12.3% standard deviation
Next comprehensive SIPO review due	2029

Note:
Return assumptions, forecasts and related analysis contained in this SIPO have been sourced from Craigs Investment Partners and are based on a combination of historical market data, capital market assumptions and professional judgement. They represent estimates only and are not guarantees of future performance. Actual returns, inflation, investment costs and distribution outcomes may differ materially from those assumed.

1. Introduction

Background

In 1998 Dunedin City Council (the "**Council**") sold its 100% holding in Waipori Power Generation Limited and its 42% holding in United Electricity Limited. After repaying associated debt, the Council was left with cash amounting to just over $56 million. This fund became known as the Waipori Fund (the "**Fund**"). The assets of the Fund are invested to provide financial support for the activities of the Council, now and in the future.

Purpose of the SIPO

This Statement of Investment Policy and Objectives ("**SIPO**"), prepared by the Board ("the **Board"**) of Council-owned company Dunedin City Holdings Limited ("**DCHL**") and approved by Council, sets out the framework for governing investment of the Fund.

The assets of the Fund are considered to be part of one combined portfolio with Council's other investments. This SIPO is informed by the Council's broader investment framework.

This SIPO takes effect on [date] and replaces all previous versions.

The Board will review this SIPO annually and undertake a comprehensive review at least three-yearly (or sooner if there is a material change in circumstances) to ensure it remains appropriate for the risk profile and objectives of the Council.

Capital Base

The market value of the Fund as at 30 June 2026 was $117.7 million.

Over the long-term the Council monitors the inflation adjusted value of the Capital Base of the Fund. The first inflation adjustment to the Fund's capital based was made in respect of the quarter ended 31 March 1999 and the real value of the Capital Base of the Fund at 30 June 2026 was $113.2 million.

Taxation

The Council is a local authority and exempt from New Zealand tax. The Fund shall take all commercially reasonable actions available to minimise, mitigate or eliminate any overseas taxation, including structuring investments and transactions in a tax-efficient manner and claiming all available relief under applicable laws and tax treaties. For the avoidance of doubt, the Fund shall not take any action that is unlawful, materially burdensome, or inconsistent with its investment objectives.

2. Roles and responsibilities

The Council

The Council has ultimate authority over and responsibility for the Fund. However, the Council has decided to delegate decision-making and implementation of the SIPO to the Board of DCHL as set out below.

The key responsibilities of Council are to:

1. Set the long-term, high-level objectives of the Fund;
2. Consider and approve the adoption of the SIPO;
3. Review annually the investment performance of the Fund; and
4. Consider and approve the annual distribution recommended by the Board of DCHL.

The key responsibilities of the Board are to:

1. Establish and maintain the appropriateness of this SIPO for approval by Council, taking into account the investment objectives and risk profile of the Council and Council's long-term plan;
2. Appoint appropriately qualified investment Manager(s) ("**Investment Manager(s)**") to manage the investment assets of the Fund in accordance with this SIPO;
3. Monitor the performance of the Fund and the Investment Manager(s);
4. Monitor compliance with this SIPO;
5. Report to Council on a quarterly basis the progress of the Fund against its objectives;
6. Consider and approve (if appropriate) investment recommendations made by the Investment Manager(s) that are outside any discretionary investment management services ("**DIMS**") mandate; and
7. Recommend the annual distribution amount.

Discretionary Investment Mandate

The Board may determine to appoint the Investment Manager(s) under a DIMS mandate whereby the Investment Manager(s) have authority to make investment decisions in accordance with this SIPO without seeking prior approval for individual transactions or investments.

Investment Manager(s)

The responsibilities of the Investment Manager(s) are to:

1. Manage the relevant assets of the Fund in accordance with the parameters set within this SIPO;
2. Provide the Board with advice on appropriate asset allocation (both long-term and tactical positions), investment strategy and investment policies;
3. Manage any corporate actions for the underlying assets of the Fund;
4. Provide regular reporting on the Fund in accordance with section 8 of this SIPO;
5. Monitor compliance with this SIPO and report any breaches to the Board in accordance with sections 6 and 8 of this SIPO; and
6. Attend meetings with the Board as reasonably required.

3. Investment philosophy and beliefs

Investment Beliefs

The Council's approach to investment of the Fund is framed by a set of clearly defined beliefs:

1. Risk and return are related. Higher returns are associated with greater risk;
2. Broad diversification among asset classes is the cornerstone of modern portfolio management. The differing characteristics of the varying asset classes provide risk-reducing benefits when they are aggregated into a total portfolio;
3. Asset allocation has a greater impact on investment returns than decisions concerning which specific securities to invest in;
4. Negative investment return years should be expected from time to time and will not invalidate the maintenance of the longer-term investment objectives;
5. Periodic rebalancing back to the long-term strategic asset allocation is a necessary discipline for maintaining an appropriate risk-return profile;
6. Active management may return a premium over time but requires skill, good knowledge, and sound research;
7. Environmental, social and governance ("**ESG**") factors have an important role to play in investment management and should be integrated into the selection and monitoring of investments; and
8. Net returns rather than gross returns is the focus.

Management of Investment Risks

All investment involves risk. Where possible, the Board and Investment Manager(s) will take mitigation measures.

Risk	Definition	Mitigation Measures
Market risk	Investments are subject to general market movements that may not have any relationship to the fundamental value of the investments.	The Fund will be diversified across asset classes, industries and geographies. Investments with lower correlation or negative correlation to other assets in the portfolio may be included in the asset allocation. The potential allocation to alternative assets is an increasingly important component of this risk mitigation.
Manager Risk	Risk of a manager having a strategy that is out-of-sync with the market or suffers operational issues.	Robust due diligence processes and potentially maintaining a spread of managers to reduce operational and manager risk, as well as to provide style diversification.
Credit risk	The risk of a default or insolvency event leading to a loss of value in the Fund.	The Fund will be diversified across a range of investments (and potentially managers), with thorough diligence undertaken prior to investment.
Sovereign / Political Risk	Investments are subject to changes in government policies / regulation.	The Fund will be diversified across multiple countries, with the majority of the equity investments in offshore markets.
Inflation risk	Risk of inflation eroding the real value of the Capital Base or increasing the distribution needs from the Fund.	Growth assets are included in the Fund's strategic asset allocation. This SIPO will be reviewed regularly, and the investment strategy will be adapted if there are structural changes in return and inflation expectations.

Risk	Definition	Mitigation Measures
Liquidity risk	Inability to fund withdrawals or make investment changes when required. Some investments e.g. alternative assets, have limited or no liquidity, making it difficult to change or exit positions if circumstances change.	Outside of a potential investment in alternatives, the Fund will comprise investments that can be liquidated on a T+1 to T+4 basis. Liquidity is a major influence on alternative asset investment decisions.
Currency risk	Risk of fluctuations in exchange rates increasing volatility and/or reducing value of the investments in New Zealand Dollars.	The Fund's currency policy provides for partial hedging of currency risk.
Interest rate risk	Risk of changes in the market value of a bond and reinvestment opportunities as a result of changes in market interest rates.	The New Zealand fixed interest portfolio will have a laddered maturity profile to reduce the portfolio's exposure to interest rate movements.

4. Objectives

Investment Objectives

The primary investment objectives underlying the investment policy for the Fund are:

1. Provide a strong, consistent and sustainable distribution to Council;
2. Maintain the Capital Base of the Fund in real terms;
3. Maximise the real rate of return subject to the selected asset allocation; and
4. Maintain sufficient liquidity to meet the Fund's distribution requirements.

Return Objectives

Based on the benchmark Strategic Asset Allocation set out in Section 5 below, the Fund is expected to generate a gross return of 7.2% in any 12 month period, exhibit a long-run standard deviation of 12.3% and achieve a long-run compounded return of 6.5% per annum before inflation, tax and investment expenses. This risk-return profile is based on long-term (20 year) capital market expectations as at December 2025 and will be reviewed as part of the periodic SIPO reviews.

Based on a long-run inflation assumption of 2.2% p.a. this translates to an indicative long-term real compounding return of 4.3% before tax and investment expenses. Capital market expectations change over time meaning the expected risk-return profile of the Fund might also vary over time, and the actual investment outcomes will differ from these expectations. The expected return compares to a hypothetical historical gross annual total compounded return of 8.6% per annum over the last 20 years with an annual standard deviation of 9.8%.

The Fund's performance versus the long-term return expectations will be measured over rolling five-year periods. The Council recognises that the return objective is a long term one that may not be achieved in every measurement period and in some years, the return may be negative.

Distribution Policy

The Fund will provide distributions to Council in a manner that supports the Investment Objectives.

The annual Distribution Amount shall be determined as follows:

Distribution Amount = Distribution Rate (%) × Average Capital Value

Where:

- **Distribution Rate** is determined by the Board, having regard to:
  - the long-term expected return of the Fund;
  - expected inflation, assumed to be the midpoint of the Reserve Bank of New Zealand's target range;
  - investment management and operating costs; and
  - the requirement to maintain the Capital Base of the Fund in real terms.
- **Average Capital Value** is the average monthly market value of the Fund over the three consecutive calendar years immediately preceding the financial year of distribution (for example, the years ending 31 December 2024, 2025, and 2026 for a distribution in the financial year ending 30 June 2028).

The calculation methodology incorporates a timing lag between the end of the measurement period and the payment of the distribution. This provides certainty for Council's planning and budgeting processes.

The Board will advise Council as follows:

- An estimated Distribution Amount by 28 February, prior to the financial year of distribution (for budgeting purposes); and
- A final recommended Distribution Amount by 30 April, in the financial year the distribution is due to be paid.

When recommending the final Distribution Amount, the Board shall apply professional judgement, having regard to the difference between the market value of the Fund and its inflation-adjusted Capital Base, and the likelihood of that difference continuing over a sustained period.

All distributions remain subject to Council approval. Distributions will be paid in June of each financial year.

Distributions may be paid from both income and realised or unrealised capital gains (together, **Investment Earnings**).

The Board will adopt a transitional approach for a period of approximately three to seven years following adoption of this SIPO. During the transitional period, the Board shall recommend distributions similar to current levels but below the amount produced by the Distribution Rate calculation, with the objective of establishing an appropriate buffer between the market value of the Fund and its inflation-adjusted Capital Base.

The Board shall determine when a sufficient buffer has been established and when the Distribution Amount should be determined solely in accordance with the calculation set out above.

5. Strategic asset allocation

Risk Profile

Risk means different things to different people. In the context of the Fund, risk is defined as:

1. Volatility (measured by standard deviation of returns);
2. A decrease in the real-value of the Fund (inflation-linked); and/or
3. Underperformance versus objectives or versus benchmark indices.

Three factors determine an investor's risk profile:

1. Risk need;
2. Risk-taking ability / risk capacity; and
3. Behavioural risk tolerance.

The Board has assessed the Council's risk profile as follows:

Risk factor	Considerations	Application to the Council
Risk need	Investor's goal Future value need Present value of investments Time horizon to achieve goal Future contributions or distributions from the fund Estimated required return to meet the stated goals	Council's objective is to provide a strong and sustainable distribution to Council whilst maintaining the Capital Base of the Fund. There is no current expectation of any future capital contributions to or material withdrawals from the Fund. The Fund therefore has a moderately high risk need.
Risk-taking ability	Investment time horizon Ongoing liquidity needs External funding/income sources	The Fund has a perpetual time horizon. While Council requires consistent distributions from the Fund, it also has a range of materially larger funding sources. Historically there have been periods when distributions from the Fund have not been paid. DCHL manages a range of other commercial assets on behalf of Council including energy infrastructure, electricity distribution networks, forestry and Dunedin airport (50%). The stable, more defensive nature of these assets provides the ability to adopt a higher risk profile for the Fund. The Fund therefore has a higher risk-taking ability.
Behavioural risk tolerance	Willingness to take risk Understanding of investment markets Investment experience Perception of risk Behaviour in a crisis	The Board has a high degree of financial literacy and an understanding of volatility, and has been appointed for their experience in managing the Council's subsidiary and associated companies. The Board is supported by an experienced General Manager and Treasury team. Council comprises councillors with varied backgrounds and experience. As a Council-owned Fund, there are a wide range of stakeholders and interested parties with varying degrees of financial literacy. Financial statements for DCC are publicly accessible so there is the potential for scrutiny during periods of negative or poor performance of the Fund. The Fund therefore has a moderate behavioural risk tolerance.

Based on the above assessment, the Board has determined that a growth-orientated risk profile is appropriate for the Fund. This translates to a "growth" benchmark asset allocation as set out below.

Benchmark Asset Allocation

The investments of the Fund will be diversified across different asset classes. The Board recognises that asset allocation is the primary driver of long-term returns and has established the following strategic asset allocation, taking into account Council's risk profile and investment objectives.

The asset allocation below is indicative. The actual asset allocation will be determined in consultation with the appointed Investment Manager(s) and will remain within the overall 80/20 strategic asset allocation framework.

Indicative asset allocation

Asset class	Indicative allocation
Australasian equities	20%
International equities	50%
Alternative growth assets	10%
Total growth assets	**80%**
New Zealand fixed income	10%
International fixed income	5%
Cash	5%
Total income assets	**20%**

6. Investment policies

Responsible Investment Policy

The Fund seeks to avoid direct investment in companies that have a significant involvement in a range of activities deemed to be inconsistent with the Council's ethical position. The following industries/activities and materiality thresholds (as a percentage of the company's revenue) for exclusion apply.

Industry/Activity	Materiality threshold (% of revenue)	Explanatory notes
Tobacco	0% manufacture 10% distribution	Distribution includes packaging, transporting and sale
Armaments - controversial	0% manufacture	Includes cluster bombs, landmines, depleted uranium, chemical and biological weapons
Armaments - other	10% manufacture	
Fossil fuel extraction	Exclusion of top 200 companies by proven reserves	
Gambling	0% manufacture 10% distribution	Distribution includes deployment and operation of gaming outlets and equipment
Pornography	0% manufacture 5% distribution	Distribution includes internet distribution and advertising revenue

Companies that are not otherwise excluded that have activities across multiple areas of concern will be excluded where the aggregate share of revenue from these activities exceeds 15%.

In addition, as guiding principles to the Fund Manager, the Council also advocates the exclusion of investments where the underlying activities:

1. Would be illegal in New Zealand,
2. Are inconsistent with the United Nations' policies on health and safety, child rights or human rights, or
3. Are expected to result in long-term, permanent, detrimental change to the environment.

Rebalancing Policy

The Board recognises that an asset allocation that is materially different to the Benchmark Allocation represents a departure from the agreed risk-return profile for the Fund.

The actual asset allocation of the Fund is permitted to vary from the Benchmark Allocation, within the permitted minimum-maximum range. The Investment Manager(s) are responsible for managing the Fund within the permitted ranges (in aggregate and by asset class) and any breach:

1. must be notified to DCHL as soon as practicable after discovery of the breach; and
2. must be remedied within five business days of discovery.

The Investment Manager(s) will periodically rebalance the portfolio towards the Benchmark Allocation, taking into account any tactical over- or under-weight positions.

Currency Policy

The currency policy for the Fund is as follows:

1. International Fixed Income will be 95-105% hedged to NZD.
2. The extent of hedging of International Equities will be reviewed from time to time, based on recommendation(s) by the external Investment Manager(s).
3. Hedging of Alternative Assets denominated in foreign currency will be considered by the Investment Manager(s) on a case by case basis.

Liquidity Policy

DCHL will maintain an appropriate level of liquidity to meet its obligations by:

1. Holding sufficient working capital outside the Fund to meet foreseeable short-term liabilities;
2. Informing the Investment Manager(s) when they become aware of any possible large withdrawals from the Fund outside the normal distribution profile; and

The Investment Manager(s) shall ensure that liquidity of the Fund is managed so as:

1. To allow distributions to be made to the Council at the expected level on the agreed dates; and
2. To permit a prompt response to changes in investment conditions.

Other

Derivative securities are permitted where required to give effect to the Currency Policy and other risk management purposes albeit under the current investment approach derivatives are not expected to form part of the direct investment portfolio. Derivatives are permitted within investment products held by the Fund if they are related to an underlying exposure within the portfolio.

Borrowing and short selling within the Fund is not permitted.

7. Investment guidelines

Permitted Investments

The Fund can be invested in:

1. Cash and cash equivalents, in NZD and foreign currencies.
2. Term deposits.
3. Fixed income securities, both domestic and global, including central government, non-government bonds, asset backed securities, either directly or via investment funds.
4. Equities, i.e. shares in publicly listed companies on recognised stock exchanges, directly or via exchange traded funds ("**ETF**") or investment funds.
5. Property, via listed property vehicles or investment funds.
6. Alternative assets (including but not limited to, private equity, venture capital, infrastructure, agriculture, horticulture, water, commodities, private credit, hedge funds), via investment funds.

Cash

Cash and cash equivalents will comprise deposits with, or securities issued by, New Zealand registered banks or their wholly owned subsidiaries, subject to a minimum credit rating of A or equivalent from one of the major credit rating agencies. Cash may be held in multiple currencies.

Term deposits up to 90 days are classified as cash.

New Zealand Fixed Income

The New Zealand Fixed Income component of the Fund shall hold a diversified range of securities, via direct investment or investment funds. These may include (but are not limited to) New Zealand Government bonds, corporate bonds, asset backed securities, term deposits greater than 90 days, inflation-linked bonds, floating rate notes and capital bonds.

The New Zealand Fixed Income portfolio's average credit quality must be at least Standard & Poor's BBB+ equivalent.

Investment in non-government securities must meet the following guidelines:

1. At least 80% of the New Zealand Fixed Income portfolio should be invested in investment grade (BBB- or above) securities;
2. No holding of a single issue should exceed 10% of the market value of the NZ Fixed Income portfolio; and
3. No non-government issuer should exceed 15% of the market value of the NZ Fixed Income portfolio, with the exception of the major New Zealand trading banks for which the maximum permitted issuer exposure is 40%.

International Fixed Income

It is expected that investment in International Fixed Income will be via funds rather than direct investment. Investments in International Fixed Income must be consistent with the Council's risk profile.

New Zealand and Australian Equities

The portfolio will be diversified across industry sectors via direct investments, ETFs or investment funds.

No direct equity holding should exceed 20% of the market value of the New Zealand Equities portfolio or 15% of the market value of the Australian Equities portfolio, as applicable.

International Equities

The portfolio will be diversified across industry sectors and geographies via direct investments, ETFs or investment funds.

No direct equity holding should exceed 7.5% of the market value of the International Equities portfolio.

No investment in any one ETF or investment fund shall exceed 30% of the market value of the International Equities portfolio, unless such product passively replicates a benchmark index (which the Investment Manager(s) believe is an appropriate proxy for the Fund's applicable benchmark indices in Section 8), or is otherwise authorised by the Board.

Listed Property

The property allocation is for listed property in New Zealand, Australia and international markets, either directly or via funds that invest in listed property.

Funds that invest in unlisted property exposures are treated as an Alternative Asset, see below.

Alternative Assets

Alternative Assets can provide investment returns that are less correlated to financial market returns. In this regard, they can offer diversification benefits to the Fund. Investment in Alternative Assets is expected to be via funds or other pooled investment vehicles.

Each Alternative Asset investment must be assessed on its merits with regard to:

1. Transparency of process and purpose.
2. Experience of the management team and track record of success.
3. Appropriate governance.
4. Investment mandate.
5. Access to liquidity.
6. Pricing and valuation methodology.
7. Duration of the fund.
8. Investment and reinvestment period.
9. Distribution policy.
10. Contribution to diversification of risk and return of the total portfolio.
11. Fees and tax efficiency.

Aggregate Portfolio Exposure Limits

The following exposure limits apply across the total portfolio:

1. Exposure to a single issuer (excluding funds) across all asset classes shall not exceed 20% of the market value of the Fund.
2. Exposure to a single industry (across all equities) shall not exceed 25% of the market value of the total equities portfolio.

8. Reporting and monitoring

Measuring Performance

Actual investment returns and volatility will be assessed against the Investment Objectives and benchmark returns (weighted to the Benchmark Allocation).

A portfolio performance benchmark is constructed by applying the benchmark returns for each asset class to the Strategic Asset Allocation weights, i.e. the weighted average of the different parts of the asset allocation. This is a measure of how the Fund would have performed if it was invested in line with the Strategic Asset Allocation and also invested in the benchmark indices. This can be compared to the actual performance of the Fund to assist in assessing the performance of the Investment Manager(s). The following benchmark indices will be used for measuring performance:

Asset class	Benchmark
New Zealand equities	S&P/NZX 50 Gross Index (without Imputation Credits)
Australian equities	S&P/ASX200 Accumulation Index
International equities	50% MSCI All Country World Gross Index 50% MSCI All Country World Gross Index (100% Hedged to NZD)
Listed property	70% S&P/NZX All Equity Real Estate Investment Trusts Gross Index 30% S&P/ASX 200 Real Estate Index
Alternative assets	As agreed with Investment Manager(s)
New Zealand fixed income	S&P/NZX Investment Grade Corporate Bond Index
International fixed income	Bloomberg Global Aggregate Total Return Index (100% hedged)
Cash	S&P/NZX Bank Bills 90 Day Index

Reporting

The Investment Manager(s) will provide quarterly reports including, at a minimum:

1. Market value of the portfolio (on a monthly basis to enable calculation of the Distribution Amount);
2. Actual asset allocation versus the Benchmark Allocation, by asset class;
3. Actual portfolio returns versus benchmark, by asset class, for the preceding quarter, twelve months, three years, five years and since inception;
4. Review/confirmation of compliance with the investment guidelines in the SIPO;
5. Statements of portfolio holdings, income, transactions and contributions/withdrawals.

The Investment Manager(s) will also report quarterly to the Board the CPI-adjusted Capital Base of the Fund and provide an annual tax report.

Monitoring

The Board will monitor the investment performance of the Fund and the Investment Manager(s).

The Investment Manager(s) will at least annually report to the Board the actual management expense ratio ("**MER**") for the Fund (sum of all fees charged by the Investment Manager(s), including management fees on ETFs and investment funds, divided by the market value of the portfolio at the end of the Entity's financial year. The Board will monitor the MER for reasonableness.

Appendix 1: SIPO revision history

The SIPO dated 15 February 1999 was replaced on 28 April 2015 and again on 27 August 2026. A version control has been maintained since 2015.

Version	Date	Comment
1	15/02/1999	New SIPO approved.
2	28/04/2015	
3	01/08/2016	
4	25/06/2019	
5	28/01/2025	
6	27/08/2026	New SIPO approved.

Appendix 2: Ten Principles of the United Nations Global Compact

Human Rights	
1	Businesses should support and respect the protection of internationally proclaimed human rights; and
2	make sure that they are not complicit in human rights abuses.
Labour	
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4	the elimination of all forms of forced and compulsory labour;
5	the effective abolition of child labour; and
6	the elimination of discrimination in respect of employment and occupation.
Environment	
7	Businesses should support a precautionary approach to environmental challenges;
8	undertake initiatives to promote greater environmental responsibility; and
9	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	
10	Businesses should work against corruption in all its forms, including extortion and bribery.

Source: https://www.unglobalcompact.org/what-is-gc/mission/principles

Appendix 3: Risk and return assumptions

The following risk and return assumptions have been used in calculating the expected long-term risk and return parameters. These capital market expectations ("CMEs") are current as at December 2025.

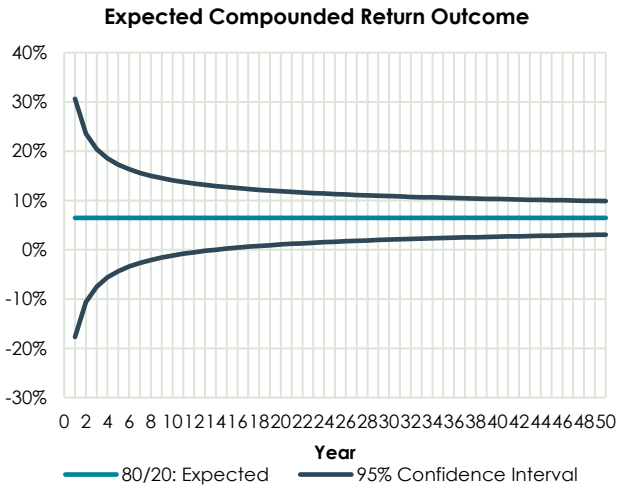
Asset class	20-year expected arithmetic* return (% p.a.)	20-year expected standard deviation (% p.a.)
New Zealand equities (excl. imputation)	6.6%	17.5%
Australian equities	7.8%	18.3%
International equities – hedged	7.1%	16.5%
International equities – unhedged	7.7%	18.1%
New Zealand listed property (excl. imputation)	7.1%	18.2%
Alternative growth assets	10.8%	19.2%
New Zealand Fixed Income	4.6%	5.2%
International Fixed Income - hedged	4.4%	5.6%
Alternative income assets	6.1%	6.8%
Cash	3.1%	2.4%

Source: Craigs Investment Partners.
**The return that is compounded to determine the expected value of the portfolio after an extended period*

Portfolio risk and return summary *To be updated based on Asset Allocation (when confirmed)*

Based on the above CMEs, applied to the strategic asset allocation set out in Section 5 of this SIPO, the portfolio is expected to have the following characteristics:

Expected return – arithmetic	7.2%
Expected return – compounding*	6.5%
Volatility	12.3%
Probability of a return < -5%	16%
1 year in:	6.2
Years in 20	3.2
Probability of a negative return	
1 year in:	3.6
Years in 20	5.6
Historical 12 month return range	-25% to 39%
Largest peak to trough return	-26.8%



**The return that is compounded to determine the expected value of the portfolio after an extended period*