



# Quarterly

## REPORT

AUGUST 2018

First Quarter Report for the  
period 1 April to 30 June 2018

Nō te kawa ora a 'Tupua te Kawa' hei  
taura here nā Te Awa Tupua me ōna  
tāngata ki te kawa nō tawhito rangi.

The natural law and value system of Te Awa  
Tupua, which binds the people to the River and  
the River to the people.

[www.ngatangatatiaki.co.nz](http://www.ngatangatatiaki.co.nz)



# INTRODUCTION

Welcome to the first quarterly report of Ngā Tāngata Tiaki o Whanganui Trust. The report covers the first three months of the financial year from 1 April to 30 June 2018 and is an opportunity for the Trust to look back at the key achievements over the quarter and to share these with Whanganui Iwi. News items and updates will continue to be provided through the Trusts monthly e-pānui.

## 2016-2021 STRATEGIC PLAN

Ngā Tāngata Tiaki completed the review of the Five Year Strategic Plan and Annual Plan which affirmed the Strategic Vision of Mouri Ora, Mouri Awa, Mouri Tangata and considered how best to refine and describe the high-level strategic goals of the Trust. Following discussions with Te Matua a Rohe and Te Rūnanga o Te Awa Tupua, the review identified six strategic goals to guide Ngā Tāngata Tiaki in its work:

- **Clarity and understanding across all communities of Te Awa Tupua:**  
All communities have a responsibility to give effect to Te Awa Tupua.
- **Empowered whānau, hapū and iwi through Tupua Te Kawa and Ruruku Whakatupua:**  
Enhancing the position of Whanganui uri in the decision-making over our resources.
- **Whanganuitanga:**  
Whanganui uri actively uphold our responsibilities to Te Awa Tupua in line with our Whanganuitanga, Kawa and Tikanga
- **A Prosperous Tribal Nation:**  
Sourcing and building the most robust and sustainable pā tuna to provide for our future.
- **A Robust Te Tiriti o Waitangi relationship with the Crown:**  
Holding the Crown to account for its responsibilities to Te Awa Tupua, Tupua Te Kawa and Ruruku Whakatupua.
- **Trust and Confidence:**  
Continual improvement of governance, management and organisational performance, proficiency, effectiveness and excellence.

There are a number of strategic objectives and outcomes that sit under the strategic goals. The following link will take you to the strategic plan which is considered draft until hapū have fed back through Te Rūnanga o Te Awa Tupua in early September.



## MOURI ORA, MOURI AWA, MOURI TANGATA

### The health and wellbeing of the Awa, the health and wellbeing of the Iwi

KEY PROJECT	INDICATORS	TIMING
<p><b>Cultural and Historic Mapping</b> (Strategic Goal: Clarity and understanding across all communities of Te Awa Tupua) The Trust will initiate a cultural and historic mapping project to complement the data and information collected as part of the Te Awa Tupua Scoping Study. This mapping is intended to starkly portray the environmental, cultural and political impacts that have been wrought on Te Awa Tupua over the past century and a half. The objective of the mapping is to compel national and local communities to implement Tupua te Kawa and the Te Awa Tupua Strategy actively.</p> <p><b>Key Participants:</b> Hapū, kaumātua, iwi historians</p> <p><b>Outcome:</b> Create a tool that provides robust and usable data and information for utilisation in planning and decision making that will inspire communities and compel action toward the restoration, enhancement and health and well-being of Te Awa Tupua.</p>	<ul style="list-style-type: none"> <li>Whanganui Iwi have been engaged</li> <li>The research and development strategy has been completed</li> <li>Strategy has been disseminated to the communities of Te Awa Tupua</li> <li>Steering group is formed and functioning</li> </ul>	<ul style="list-style-type: none"> <li>- Quarter 2</li> <li>- Quarter 3</li> <li>- Quarter 4</li> <li>- Quarter 4</li> </ul>
<p><b>Leadership &amp; Succession</b> (Strategic Goal: Whanganuitanga) The Trust will organise and run a two-day Rangatakapu Summit for emerging whanau and hapū leaders (i.e. young adults) as a precursor to an Ambassadorial Programme for Te Awa Tupua that will launch in 2019. The Ambassadorial Programme will provide pathways and opportunities for rangatakapu (young adults both resident at home and living further afield) to be the active face of Te Awa Tupua that will inspire, influence and effect change across local, national and international audiences.</p> <p><b>Key Participants:</b> Whanganui rangatakapu</p> <p><b>Outcome:</b> Provide a two-day summit opportunity for Whanganui rangatakapu to design an Ambassadorial Programme that will contribute to the promotion and uptake of Te Awa Tupua.</p>	<ul style="list-style-type: none"> <li>Whanganui leadership supports the Project</li> <li>Steering group is formed and functioning</li> <li>Leadership programme is developed ready for implementation</li> <li>Whanganui leadership endorses the programme</li> <li>Whanganui Iwi has a plan to ensure Whanganui Iwi has a broad range of decision makers</li> </ul>	<ul style="list-style-type: none"> <li>- Quarter 2</li> <li>- Quarter 2</li> <li>- Quarter 3</li> <li>- Quarter 3</li> <li>- Quarter 4</li> </ul>
<p><b>Te Awa Tupua Resource Kits and Training for hapū</b> (Strategic Goal: Empowered whanau, hapū &amp; Iwi through Tupua Te Kawa and Ruruku Whakatupua) The Trust will design resource kits and run pilot training courses for whānau and hapū environmental practitioners to assist the practical application of the Te Awa Tupua framework in dealing with planning and resource consent matters.</p> <p><b>Key Participants:</b> Whānau and hapū members/environmental resource practitioners</p> <p><b>Outcome:</b> A pilot training course has been undertaken to upskill Whanganui whānau and hapū on Tupua te Kawa, Ruruku Whakatupua and Te Awa Tupua legislation. The Trust has piloted training with whānau and hapū members utilising the resource kits.</p>	<ul style="list-style-type: none"> <li>Steering group is formed and functioning</li> <li>Resource kit developed</li> <li>Pilot training courses scheduled</li> <li>Whānau, hapū and Iwi attend courses and receive training</li> <li>Evaluation of pilot training course undertaken</li> <li>A plan for rolling out the resource kits and training courses developed</li> </ul>	<ul style="list-style-type: none"> <li>- Quarter 2</li> <li>- Quarter 3</li> <li>- Quarter 3</li> <li>- Quarter 4</li> <li>- Quarter 4</li> <li>- Quarter 4</li> </ul>
<p><b>Marae Infrastructure</b> (Strategic Goal: A prosperous Tribal Nation) In addition to direct initiatives, the Trust will initiate a marae infrastructure project that will coordinate pathways with key agencies for Whanganui marae. Key agencies include, but are not limited to:</p> <ul style="list-style-type: none"> <li>central government agencies</li> <li>local government</li> <li>banking providers</li> <li>insurance providers</li> <li>sustainable energy providers</li> </ul> <p><b>Key Participants:</b> • Whanganui marae, hapū and whānau. • Key agencies (as above).</p> <p><b>Outcome:</b> Develop a draft Marae Infrastructure Development Plan to support Whanganui marae to remain cultural, social, political and environmental hubs for Whanganui whānau and hapū.</p>	<ul style="list-style-type: none"> <li>Key agencies, marae, hapū and whānau are engaged.</li> <li>Marae are provided a pathway to connect to key agencies via a series of seminars.</li> <li>The soon to be established Iwi Development Trust has a seed plan for continued development of a marae infrastructure plan.</li> </ul>	<ul style="list-style-type: none"> <li>- Quarter 2</li> <li>- Quarter 3</li> <li>- Quarter 4</li> </ul>

# INVESTMENT PERFORMANCE

Te Ngakinga o Whanganui Investment Trust (Te Ngakinga) and Whanganui Iwi Fisheries Limited are the two vehicles within the Ngā Tāngata Tiaki Group responsible for growing the assets of Whanganui Iwi held by Ngā Tāngata Tiaki o Whanganui Trust. The revenue generated from investments will be partly reinvested and partly applied to provide benefit to Whanganui uri, hapū and iwi either through disbursements (through a soon to be established Iwi Development Trust) or through operational level work streams.



# INVESTMENTS

Te Ngakinga has worked with Ngā Tāngata Tiaki on the development of a SIPO (Statement of Investment Policies and Objectives) incorporating an Investment Framework developed by Ngā Tāngata Tiaki to accord with Tupua Te Kawa, the innate values of Te Awa Tupua.

The Investment Framework and SIPO therefore directs Te Ngakinga to work within an ethics based framework in line with Tupua Te Kawa across all asset classes.

A milestone for Te Ngakinga has been the development and finalisation of the Direct Investment Policy. This follows numerous hui and discussions with Koau Capital Partners (investment advisors contracted by Te Ngakinga to assist with the development of the Policy), Ngā Tāngata Tiaki Trustees and the Audit and Risk Committee. The Policy enables Te Ngakinga to identify, investigate and potentially invest up to 7% (\$6m) of the portfolio in direct investments to secure a better risk adjusted return compared with passive investment alternatives.

The direct investment principles include:

- Ensuring that the values of Tupua Te Kawa are given priority in direct investment decision making
- Preference for high-quality direct investments in those areas/sectors where Whanganui Iwi enjoys quantifiable competitive advantages and/or unique access rights
- Having a preference for partnering to undertake direct investments with aligned iwi/land Trusts/investors/local and central authorities where other competitive advantages, unique access rights, capability and capacity can be leveraged



# TUPUA TE KAWA

**Ko te Awa te mātāpuna o te ora  
E rere kau mai te awa nui mai i te kahui maunga ki  
Tangaroa  
Ko au te Awa, ko te Awa ko au  
Ngā manga iti, ngā manga nui e honohono kau ana,  
ka tupu hei Awa Tupua**

The River is the source of spiritual and physical sustenance  
The great River flows from the mountains to the sea  
I am the River and the River is me  
The small and large streams that flow into one another and  
form one River

# INVESTMENT PORTFOLIO

Investment decisions are guided by the SIPO (Statement of Investment Policy and Objectives) which has set asset allocation targets at 60% in growth assets and 40% in defensive assets. Implementation of Te Ngakinga's investment portfolio continued through the first quarter bringing it closer towards achieving the SIPO targets summarised in the table below.



Growth assets	At 31 March 2018	At 30 June 2018	SIPO Target	Gap
Australian Equities	6.0%	13.3%	13.0%	0.3%
Global Equity	19.8%	19.7%	27.0%	-7.3%
Emerging Market Equity	2.8%	2.5%	5.0%	-2.5%
Diversification	7.5%	7.1%	8.0%	-0.9%
Real Assets / Private Equity / Direct Investments	0.0%	0.0%	7.0%	-7.0%
<b>Total Growth Assets</b>	<b>36.2%</b>	<b>42.6%</b>	<b>60.0%</b>	<b>17.4%</b>
<b>Defensive Assets</b>				
NZ Fixed Income	22.7%	21.5%	24.0%	-2.5%
Global Fixed Income	7.0%	6.6%	14.0%	-7.4%
Cash	34.1%	29.3%	2.0%	27.3%
<b>Total Defensive Assets</b>	<b>63.8%</b>	<b>57.4%</b>	<b>40.0%</b>	<b>17.4%</b>

Points of explanation:

(i) Growth assets are designed to grow the capital value of the investment portfolio and include investments such as shares, alternative investments (eg – private equity, infrastructure) and property. They tend to have higher levels of risk but with the potential to deliver higher returns over longer investment timeframes, generally in the form of capital growth. For example, shares often deliver income by way of dividends however the majority of the return (gains or losses) usually comes from changes in the value of the company and therefore share price. These returns are influenced by market fluctuations and can therefore vary, a little or a lot, over shorter-term time frames. These shorter-term changes in return (or value of the investment) is known as volatility and the reason why growth assets are considered higher risk investments. However, the objective of growth assets is to negate the short-term volatility by holding the investments for long periods to deliver overall net value growth.

(ii) Defensive assets are designed to provide returns in the form of income/cash rather than capital growth. They tend to be lower risk investments with more stable but reduced levels of return over the long term. Defensive assets include short-term cash deposits, fixed interest investments (eg – secured loans to government or corporate entities).

(iii) Two new growth asset investments (one a global equity investment and the other an emerging market equity investment) have been completed since the end of June. This increases the growth asset allocation to 51% with the defensive asset allocation reducing to 49%. 7% of the 9% SIPO target variance is the direct investment allocation which will take time to fill having only just recently completed the Direct Investment Policy. Therefore, excluding direct investments, Te Ngakinga's investment portfolio is very close to being fully in line with SIPO.



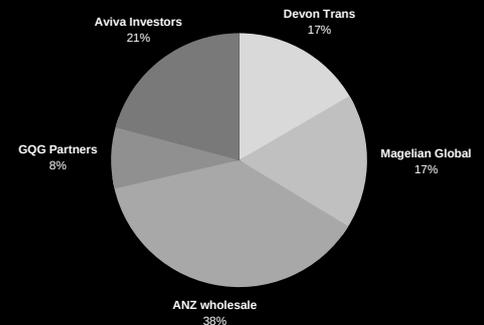
The following table details the specific managed funds that Te Ngakinga has invested into, the value of these at both the start and end of the quarter and resulting gain/loss for the quarter.

Fund	ROI – Q1 – 19 / Year to Date / Annualised Since Inception						
	Opening 1-Apr-18	Deposits (W/drawals)	Closing 30-Jun-18	Q1 – 19 Gain/(Loss)	ROI Q1 – 19	ROI YTD	ROI Annualised
<b>Defensive / Income</b>							
AMP Capital NZ Fixed Interest Fund	\$19,388,108		\$19,580,485	\$192,377	1.0%	1.0%	3.2%
PIMCO Global Bond ESG Fund	\$6,009,755		\$6,011,289	1,534	0.0%	0.0%	0.2%
<b>Total Defensive / Income</b>	<b>\$25,397,863</b>	<b>\$0</b>	<b>\$25,591,774</b>	<b>193,911</b>			
<b>Growth</b>							
Devon Trans-Tasman Wholesale Fund	\$5,112,894		\$5,620,485	\$507,591	9.9%	9.9%	8.0%
Milford Trans-Tasman Equity Fund	\$0	\$6,000,000	\$6,457,316	\$457,316	N/A	N/A	7.7%
Magellan Global Fund	\$5,269,241		\$5,866,371	\$597,130	11.3%	11.3%	13.8%
ANZ Wholesale International Share Fund	\$11,625,928		\$12,102,965	\$387,037	3.3%	3.3%	3.9%
GQG Partners Emerging Markets Equity Fund	\$2,397,043		\$2,315,003	-\$82,040	-3.4%	-3.4%	13.3%
Aviva Investors Multi-Strategy Target Return	\$6,433,911		\$6,433,936	\$10,025	0.2%	0.2%	0.6%
<b>Total Growth</b>	<b>\$30,839,017</b>	<b>\$6,000,000</b>	<b>\$38,716,076</b>	<b>\$1,877,059</b>			
<b>Total</b>	<b>\$56,236,880</b>	<b>\$6,000,000</b>	<b>\$64,307,850</b>	<b>\$2,070,970</b>	<b>3.7%</b>	<b>3.7%</b>	

Total return on Investment YTD: **3.7%**

Total gain YTD: **\$2,070,970**

Growth Fund - As at opening 1 April 2018



Global equities remain volatile, however, for this quarter, it had a positive impact with significant gains for Denon Trans-Tasman Fund, Milford Trans-Tasman Equity Fund, Magellan Global Fund and ANZ International Share Fund.

The current volatility is expected to continue and given many of the markets have been at record levels over recent times, there is likely to be a greater downward rather than upward pressure over the short-medium term.

Overall the managed funds portfolio returned a 3.7% or \$2.0m value growth through the quarter, a strong start to the year however this does need to be considered in the context of a particularly volatile global environment.

## BALANCE SHEET



The balance sheet of Te Ngakinga shows total assets at the quarter end amounted to \$87.7m comprising of:

- Managed funds - \$64.3m (73%)
- Term deposits - \$12.5m (14%)
- Cash - \$10.9m (12%)

Total liabilities for Te Ngakinga at the quarter end amounted to \$83.8m comprising of:

- Ngā Tāngata Tiaki loans - \$83.6m (99.8%)
- Minor liabilities - \$0.2m (0.2%)

Equity at the quarter end amounted to \$3.9m.

## PLANNING

Te Ngakinga have completed a review of their Five-Year Strategic Plan (2016-2021) and completed the Annual Plan for the 2018-2019 financial year. The plans have been re-aligned to complement the Ngā Tāngata Tiaki Strategic Plan and can be viewed at [www.ngatangatatiaki.co.nz/TeNgakinga](http://www.ngatangatatiaki.co.nz/TeNgakinga).