

Statement of Investment Policies and Objectives

The Auckland Bridge Club Incorporated
(final entity to be determined and the SIPO will be updated accordingly)



Date: August 2025

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Version control

Version	Description	Date Approved/updated
1.0	Initial SIPO	
2.0		
3.0		

Portfolio Summary	
Investment Asset Base	\$16.5 million (as at August 2025)
Time horizons	Re-development Portfolio – short term (12-18 months) Long-term Investment Portfolio – medium to long-term (5-10+ years)
Risk Tolerances	Re-development Portfolio – defensive (100% income assets) Long-term Investment Portfolio – balanced (43% income assets, 57% growth assets)
Investment Objectives	Re-development Portfolio – To achieve a return above cash (as denoted by the S&P/NZX 90 Day Bank Bill Index) after fees and before any distributions Long-term Investment Portfolio – CPI + 2% p.a. after fees and costs (but before any distributions)
Distributions	Re-development Portfolio – \$600,000 a month from February 2026 for 15 months Long-term Investment Portfolio – withdrawals of up to \$50,000 a year and larger withdrawals every five years of around \$300,000
Entity	Incorporated Society
NZBN/Charities No	Incorporated Society Number: 459147 Charity Registration Number CC38616 NZBN: 9429042849209
Tax status	Tax-exempt
SIPO Review	Bi-annual. Next review due August 2027

1. Overview

1.1. Introduction

The purpose of this Statement of Investment Policy and Objectives (SIPO) is to provide all parties involved in the investment management of Auckland Bridge Club Inc. ("the Club", "the Investor") with guidance on how the investments are to be managed.

The SIPO sets out the investment governance and management framework, philosophy, strategies, and objectives. It covers the following areas:

- **Background:** History of establishment and key events.
- **Governance:** The responsibilities of the various parties involved in the investment process.
- **Purpose and Objectives:** The purpose of the investment portfolio and the overall return and risk objective(s).
- **Investment Philosophy:** Overall approach and key investment beliefs.
- **Investment Strategy:** The permitted asset classes and their respective target weights and rebalancing ranges.
- **Investment Policies:** Policies relevant for the implementation of the investment strategy.
- **Monitoring and Review:** The review and monitoring procedures that are applied to oversee the investments.

1.2. About the Auckland Bridge Club Inc

Remuera Bowls Club Incorporated and Auckland Bridge Club Incorporated - established in 1895 and 1929 respectively - initiated discussions in June 2015, later revived in 2022, to explore a merger aimed at creating a unified club. The discussions were driven by a shared vision to combine resources for the long-term benefit of current and future members, as well as the wider community.

Remuera Bowls Club has owned and operated from 3C Dromorne Road since its founding in 1895, with funding provided by its members. Auckland Bridge Club purchased its premises at 273 Remuera Road in 1970, also through member contributions. At their peak, Remuera Bowls Club enjoyed 400 members, while Auckland Bridge Club had over 1,000. At the time of amalgamation, the combined membership included approximately 100 bowlers, 20 snooker players, and 600 bridge players – many with longstanding ties to their respective clubs.

Both clubs rank among the oldest and most respected in New Zealand, with recognition from their national bodies and members who regularly compete at top international levels.

Following the amalgamation, the proceeds from the sale of 273 Remuera Road have been earmarked for the redevelopment, upkeep, and enhancement of the Dromorne Road facilities.

The leadership of both clubs envisioned that merging finances, administration, and facilities would foster a vibrant, efficient, and inclusive social environment—offering diverse sporting and recreational opportunities under one roof and supporting a growing and engaged membership.

The investment assets comprise approximately \$16.5m to be invested in 2 distinct portfolios:

- **Re-development Portfolio** – approximately \$10m earmarked for re-development of Dromorne premises. This is expected to be invested in defensive (100% income) assets.
- **Long-term Investment Portfolio** – balance of approximately \$6.5m for longer-term investment to preserve real value and provide for future withdrawals. This is expected to be invested in a moderate risk portfolio across a combination of cash, fixed interest and share investments, to meet the overall investment objectives.

1.3. Governing Legislation

The Club is an incorporated society with charitable status domiciled in New Zealand and registered under the Incorporated Societies Act 2022, and the Charities Act 2005.

This SIPO should be read in conjunction with the following key documents:

- The Club's Constitution, the Society's Bylaws, and the constitutions, bylaws and regulations of the Relevant National and/or Regional Societies.
- Distribution policy.
- Responsible Investment Policy.
- Investment Management Mandate.

1.4. Tax Status

The Club is tax-exempt.

2. Roles and Responsibilities of the Parties

Overview of key responsibilities

Body	Role
Board	Responsible for setting overall purpose and governance.
Investment Committee	Responsible for appointing, managing and monitoring the Investment Manager(s).
Investment Manager(s)	Invest the funds according to their specific mandate(s), using skill, prudence, and care expected from investment professionals.

2.1. Board

The Board is responsible for:

- a) Determining the investment overall strategy of the Portfolio, including distribution policy; and
- b) appointing the Investment Committee.

2.2. Investment Committee

The Investment Committee is responsible for:

- a) Appointing the Investment Manager;
- b) monitoring the investment manager and quarterly reporting;
- c) ensuring that any additional guidelines it has for the investment of the Portfolio are reflected in the terms of this SIPO;
- d) advising the Investment Manager of any material changes to the operational or legal status of the Investor;
- e) advising the Investment Manager of any expected additional investment amounts or required withdrawals; and
- f) reviewing this SIPO.

2.3. Investment Manager

The Investment manager is responsible for:

- a) Day-to-day investment of the portfolio in line with their respective Investment Management Mandate (IMM);
- b) implementing any Tactical Asset Allocation tilts as allowed within the ranges in the IMM;
- c) ensure additional investment amounts or withdrawal requests are promptly actioned;
- d) providing reporting and presenting results quarterly or as required; and
- e) assisting the Investment Committee with regards to reviewing this SIPO.

3. Investment Beliefs

Belief	Description
Risk/Reward	Risk and return are related in that higher return expectations generally come with higher levels of risk. Balancing these is a key responsibility.
Asset Allocation	Setting an appropriate Strategic Asset Allocation is a key determinant of long-term risk and return.
Diversification	Diversification both across and within asset classes helps improve the risk/return trade-off of a portfolio.
Efficiency	Returns after all costs are the primary focus. Costs and taxation matter and should be considered in investment selection.
Responsible Investing	<p>Considering Environmental, Social and Governance (ESG) factors in investments will benefit the long-term risk and return of the portfolio.</p> <p>Climate change will have a material impact on markets over time, and aiming to reduce climate related risk in the portfolio is beneficial.</p>

4. Investment Policies and Objectives

4.1. Investment Purpose & Objectives

Purpose of Entity - The purpose of the Club is to promote and support the health, wellbeing, and social engagement of its members and the wider community through the game of contract bridge and other recreational activities. This includes providing and maintaining facilities, organising competitions and events, supporting teaching and participation, and offering premises for use by other community groups engaged in social pastimes.

Investment Objectives

The investment objectives for the respective portfolios, are as follows:

- **Re-development Portfolio:**
 - To preserve capital and maintain a high degree of liquidity to meet scheduled cash flow requirements associated with the redevelopment of the Dromorne site.
 - To achieve a return above cash (as denoted by the S&P/NZX 90 Day Bank Bill Index) after fees and before any distributions.
- **Long-term Investment Portfolio:**
 - To preserve and grow capital in excess of inflation over the medium to long-term, to support the ongoing financial sustainability of the Club and enable planned withdrawals for future strategic projects, including premises maintenance and community enhancements.
 - To achieve a target investment return of 2% above inflation (denoted by CPI) after all fees and any applicable taxes, measured over a 5-year period. This is a medium to long-term target and may not be achieved over every period.

4.2. Investment Time Horizon

- **Re-development Portfolio:** This portfolio has a short investment horizon, with the majority of funds expected to be drawn down over a 12–18 month period to fund the Dromorne site redevelopment. The portfolio should maintain sufficient liquidity to meet this timeframe and should not assume any material reinvestment beyond this drawdown schedule.
- **Long-term Investment Portfolio:** This portfolio has a medium to long-term investment horizon, reflecting the Club's goal of financial sustainability. The investment horizon for this portfolio is five years or longer, and may extend beyond ten years, depending on the Club's capital requirements. The portfolio should be managed with a medium to long-term perspective, allowing it to withstand short-term market volatility in pursuit of capital growth in excess of inflation.

4.3. Risk Tolerances

Risk and return are related, and that over the long-term investors are typically rewarded with higher returns for taking additional investment risk. Risk management techniques including diversification, regular monitoring, and rebalancing will be employed to ensure that the risk remains within acceptable limits.

Re-development Portfolio

The Re-development Portfolio has a very low risk tolerance. The portfolio is intended to support near-term, non-discretionary funding obligations, and as such must prioritise capital preservation and liquidity above all else.

Long-term Investment Portfolio

The Long-term Investment Portfolio has a moderate risk tolerance, appropriate for the Club's medium to long-term investment horizon and its objective to preserve and grow capital in excess of inflation over time.

Market volatility is a normal part of investing and that fluctuations in the portfolio's value are expected. Determining the correct risk level is paramount to ensuring sufficient probability of achieving objectives, whilst minimising volatility and drawdowns. Strategic Asset Allocation modelling¹ suggests a Balanced SAA with the following characteristics [after fees and tax]:

Long-term Investment Portfolio	6% p.a. net of fees and tax		
Expected Return			
Risk			
Annualised Volatility	6.5%		
Negative year	1 in 5.2 years		
Drawdown potential ²	-21%		
Probabilities	10 years	20 years	30 years
Return greater than Inflation	95%	99%	99%
Return greater than Inflation + 2%	81%	90%	92%

4.4. Strategic Asset Allocation (SAA)

Re-development Portfolio

The Re-development Portfolio will be invested exclusively in defensive income assets

	Benchmark Target (%)	Lower Limit (%)	Upper Limit (%)
Cash	100	0	100
Fixed Interest ³	0	0	100
Income Assets	100		

Long-term Investment Portfolio

	Benchmark Target (%)	Lower Limit (%)	Upper Limit (%)
Cash	5	3	15
Fixed Interest ²	38	25	50
Income Assets	43	33	53
Property (Global)	6	0	10
NZ Equities	10	0	20
Australian Equities	12	5	25
Global Equities	29	20	40
Growth Assets	57	40	70

¹ Based on 250 simulations over 30 years

² Based on 95th percentile of 250 simulations over 30 years

³ May include International Fixed Interest. Any International Fixed Interest investments must be 100% hedged to the NZ dollar.

4.5. Investment Parameters/Limits

Asset Class	Permitted Investments
Cash	Deposits with banks (min rating AA)
Fixed Interest	Term deposits with banks (min rating AA) Securities listed on NZDX Offshore bonds (hedged 100% to NZ dollars)
Property	Listed REIT securities
New Zealand Equities	Securities listed on the NZX market
Australian Equities	Securities listed on the ASX market
Global Equities	Securities listed on recognised global stock exchanges

Investments may be made either into direct held securities or via externally managed funds predominantly exposed to the permitted underlying investments.

Within the Defensive allocation of the **Re-development Portfolio**:

- Any directly held securities should have maturities that align with expected cash flow requirements. Any managed funds should have a cash or short-duration focus.
- With respect to externally managed funds (listed and unlisted managed investment schemes), no single holding can exceed 25% of the total Portfolio value.

Within the Growth Assets allocation of the **Long-term Investment Portfolio**:

- The largest 10 direct equity holdings must not exceed 40% of the total Portfolio value.
- With respect to direct equities, no single holding can exceed 5% of the total Portfolio value.
- With respect to externally managed funds (listed and unlisted managed investment schemes), no single holding can exceed 25% of the total Portfolio value.
- With respect to Property investments, given the Club's direct exposure to NZ property any investments would be outside of NZ to ensure diversification.

Liquidity – sufficient portfolio liquidity should be maintained to cover expected drawdown/distribution requirements and ensure the portfolios do not need to become a forced seller in stressed market environments in order to meet operational or distribution requirements.

Leverage – the portfolio should not borrow or otherwise leverage the portfolio

Derivatives – derivatives are not permitted to be held directly by the portfolio, with the exception of Forward currency hedging. It is understood that underlying external fund managers may use derivatives to implement their strategy or hedge risks such as currency.

4.6. Rebalancing and Tactical Asset Allocation

Rebalancing keeps the Portfolio's asset allocation at or near to the Benchmark Targets by trimming asset classes that have outperformed and redeploying into those that have lagged, ensuring alignment with the long-term objectives and to effectively manage risk. Rebalancing should occur frequently, subject to managing transaction costs. In general:

The Investment Manager should evaluate the need for rebalancing at least quarterly.

The Investment Manager is permitted to use the allowable Tactical Asset Allocation (TAA) ranges (upper and lower limits specified in section 4.4 Strategic Asset Allocation) to tilt the portfolio to asset classes that are exhibiting more attractive risk/return characteristics and away from those that are deemed to be overvalued/higher risk.

This allows the Investment Manager to:

- a) increase defensiveness when required; and
- b) to take advantage of market weakness in growth assets.

To minimise transaction costs, cash outflows/inflows should be used where possible to rebalance and in implementing TAA tilts.

Tilts should be considered with regards to a 3-24 month time frame, they are not intended to be used for very short term trading or market timing.

4.7. Currency Hedging

New Zealand investors have historically benefited from maintaining unhedged exposure to global equities. The NZD tends to depreciate during global market downturns—a phenomenon known as "flight to quality"—as investors move capital into reserve currencies such as the USD, JPY, and CHF. This depreciation provides a natural hedge, helping to cushion the impact of equity market declines and reducing portfolio drawdowns and volatility in NZD terms.

Fixed income investments are typically held for their capital stability and income surety. Unhedged currency exposure can introduce unwanted volatility that undermines these objectives. Fully hedging currency exposure on fixed income assets protects the defensive and income characteristics.

Currency hedging for global infrastructure and property investments is determined by the strategic role of the asset—either as an income-generating or growth-oriented investment.

- **Income-oriented investments:** Where the primary objective is to generate stable cash flows (e.g. core infrastructure or long-term leased property), foreign currency exposure would typically be fully hedged to NZD to preserve income certainty and reduce cash flow volatility.
- **Growth-oriented investments:** Where the investment is held for its capital growth potential, inflation protection, or higher return expectations, foreign currency exposure may remain unhedged. In these instances, currency movements are considered part of the total return and risk profile and may offer diversification benefits.

Asset Class	Hedging target
Global Fixed Interest	100% hedged to New Zealand Dollar
Global Property	100% hedged to New Zealand Dollar
Australian Equities	Unhedged
Global Equities	Unhedged

5. Responsible Investment Policy

5.1. Responsible Investing exclusions

The Investment Manager must consider if the issuer of a security held (or intended to be held) in the Portfolio has significant commercial involvement (as determined by revenue threshold) in any of the exclusion categories below and exclude that security from consideration as a Portfolio investment (or remove that security from the Portfolio), if that threshold is exceeded.

Exclusion category	Description	Recommended revenue threshold (%)
Adult entertainment	Exclude companies with reported revenue (or, where not disclosed, maximum estimated revenue) from the production, distribution or retail of adult entertainment products or services.	>5%
Animal testing	Exclude companies that conduct animal testing for non-medical products (unless required to do so by law).	>0%
Cluster munitions	Exclude companies involved in the production of cluster munitions, components for such products, or is involved indirectly through ownership ties to companies involved in production of such goods.	>0%
Civilian firearms	Exclude companies involved in the production or retail of civilian firearms intended for civilian use, ammunition for such products, or is involved indirectly through ownership ties to companies involved in such products or services.	>0%
Nuclear weapons	Exclude companies involved in the production of nuclear weapons, exclusive and dual-use delivery platform capable to delivery such products, intended and dual-use components of such products, services provided for such products, or is involved indirectly through ownership ties to companies involved in such products or services.	>0%
Gambling	Exclude companies involved in gambling operations, including online or mobile gambling, and supporting activities. The exclusion does not include Lotteries.	>5%
Tobacco	Exclude companies involved in the production of tobacco products, this includes nicotine-containing products, including traditional and alternative tobacco smoking products.	>5%
Controversies	Exclude companies that have a notable controversy related to a company's operations and/or products flagged as Red based on MSCI ESG Controversies methodology.	N/a
Countries on UN sanction list	Excludes securities issued by countries with UN Security Council Sanctions against them. Countries with UNSC sanctions include (Jan 2022): North Korea, Iran, Mali, South Sudan, Central African republic, Yemen, Guinea-Bissau, Libya, Eritrea, Lebanon, ISIL (Daesh). Al-Qaeda and the Taliban, Democratic Republic of Congo, Sudan, Somalia, Iraq; Forsyth Barr added Russia to this list in 2022.	>0%

Screened using MSCI's Business Involvement Screening tool.

At a minimum, all securities directly owned will be screened against this policy annually.

The Portfolio may hold investments in unlisted and listed managed funds that are externally managed. In these cases, on a best endeavours basis only, the Investment Manager shall determine that the Investment Policies of any externally managed funds that are included in the Portfolio are appropriately aligned with those of the Investor.

The Investment Manager will not screen individual holdings of the externally managed funds.

6. Distribution Policy

6.1. Overview

The Club maintains two investment portfolios with distinct purposes and withdrawal profiles. The **Re-development Portfolio** is intended for full drawdown over a 15-month period (from February 2026), with no expectation of replenishment. The **Long-Term Investment Portfolio** is intended to be preserved inline with inflation, with modest annual withdrawals and periodic larger drawdowns for capital projects.

6.2. Distribution Policy

- **Re-development Portfolio:**
Withdrawals of approximately **\$600,000 per month** over **15 months**, beginning **February 2026**.
- **Long-Term Investment Portfolio:**
Regular withdrawals of up to **\$50,000 p.a.**, and larger drawdowns of approximately **\$300,000 every five years** for significant maintenance or capital projects.

7. Performance Measurement, Monitoring and Review

7.1. Overview

The [Board/Investment Committee] is responsible for monitoring the investment strategy to ensure it is tracking in align with the overall purpose and objectives. The review cycle is described in section 7.2. The reporting cycle can give undue emphasis to short term performance (e.g. Quarterly) it is important to judge this in the context of the time-horizon of the portfolio as markets are volatile. Periods of under-performance should be expected and meeting the long-term objectives is the key focus.

As per section 2 the Investment Manager is responsible for providing sufficient reporting, to enable this to occur. Reporting requirements for the Investment Manager are detailed in the Investment Management Agreement.

For each of the asset classes benchmarks have been set as per section 7.3.

7.2. Review Cycle

Item	Responsible	Frequency
Performance Reporting	Investment Manager	Quarterly
Responsible Investment Report	Investment Manager	Annual
Annual review	[Board/Investment Committee]	Annual
<ul style="list-style-type: none"> Performance and risk vs broad objectives 	Investment Manager to provide any additional reporting as required	
Review of SIPO	[Board/Investment Committee] (Investment Manager to assist)	Bi-annual/as required
Review of Investment Manager(s)	[Board/Trustees/Investment Committee]	Bi-annual/as required

7.3. Benchmarks

The table details the benchmarks applicable to each asset class for reporting and performance objective purposes.

Asset Class	Benchmark
Cash	S&P/NZX 90-Day Bank Bill Index
Fixed Interest	S&P/NZX NZ Investment Grade Corporate Bond Index
Property	FTSE EPRA NAREIT Developed Index 100% Hedged to NZD
New Zealand Equities	S&P/NZX 50 Gross Index (Excl. Imputation Credits)
Australian Equities	S&P/ASX 200 Accumulation Index (in NZD)
Global Equities	MSCI All Country World Net Total Return Index (in NZD)

Any changes to the above Benchmarks will be communicated to the Investment Manager in advance.

7.4. SIPO Review

This SIPO will be reviewed bi-annually or as required. This is expected to include:

- Investment Philosophy/Beliefs – significant turnover in the [Board/Investment Committee] indicates a refresh of beliefs may be required.
- Investment Objectives / Strategy– if there has been a material changes in circumstances or financial markets, prompting a review.
- Roles and responsibilities.

The Investment Manager is expected to assist with the SIPO review, including modelling on distribution policy, SAA as required.