
Statement of Investment Policies and Objectives (SIPO)

Adopted by Board on 21 April 2026



Top of the South
COMMUNITY FOUNDATION
Tē Tāuiku



This Statement of Investment Policies and Objectives (SIPO) sets out the investment objectives of the Top of the South Community Foundation and the manner in which the investments will be managed to meet those objectives.

About Top of the South Community Foundation

The Top of the South Community Foundation (TSCF) is a charitable trust set up to inspire generosity and provide ongoing funding support for charities and community groups that operate in the region.

TSCF operates under the community foundation model, whereby:

- Gifts are received and invested in perpetuity
- Capital is preserved in real term over time
- Investment returns are distributed annually as grants in accordance with donor intentions and Board policy
- Grant funding supports community organisations, projects, and initiatives

TSCF is one of 18 community foundations operating throughout Aotearoa New Zealand (at the time this SIPO was adopted).

Nature of the Foundation

The Top of the South Community Foundation:

- Was established as Nelson Bays Community Foundation by Trust Deed dated 5 June 2008 (as amended)
- Name changed to Top of the South Community Foundation on 21 November 2019
- Is a registered charity (CC34345)
- Is tax exempt
- Exists in perpetuity
- Has a balance date of 31 March



Purpose of this SIPO

This Statement of Investment Policies and Objectives (SIPO) sets out:

- The investment philosophy of the Board
- The governance framework
- Investment objectives
- Risk management parameters
- Asset allocation ranges
- Responsibilities of the Board and Investment Advisors(s)

Governance

Board Responsibilities

The Board of Trustees has the ultimate fiduciary responsibility for TSCF's investment portfolio, being responsible for:

- Setting investment strategies and objectives
- Approving this SIPO
- Engaging and removing Investment Advisor(s)
- Monitoring performance of the invested assets held by TSCF
- Ensuring compliance with legislation
- Maintaining prudent oversight

The Board recognises that fiduciary responsibility goes beyond maximising returns and minimising risk—it also includes considering environmental, social, and community impacts. We believe that Investment and business decisions should integrate financial goals with sustainability, ethical practices, and accountability to stakeholders. We also believe that, as a Foundation, we should align our investment strategies with our philanthropic missions, ensuring our assets contribute to positive social outcomes as well as financial performance.



Finance, Audit, Investment and Risk Committee (FAIR)

The FAIR Committee is responsible for:

- Reviewing and recommending the Statement of Investment Policies and Objectives (SIPO) to the Board for approval.
- Overseeing the managed portfolio, in accordance with the parameters set out in the SIPO.
- Monitoring the performance of the Foundation’s investment managers against the SIPO and agreed benchmarks.
- Making appropriate recommendations to the Board regarding changes to the investment management, strategies and objectives.
- Reporting to the Board

If there is no FAIR committee then these responsibilities fall to the Trustees.

Investment Philosophy

The Board believes:

- Strong governance leads to better investment outcomes
- Higher returns are associated with higher levels of risk
- Prudent diversification may reduce volatility and minimise the risk of significant losses
- Asset allocation is a key determinant of long-term returns
- Active management may provide higher returns, but requires professional skill and information
- Investors who consider ESG factors and take a sustainable investment approach are more likely to create and preserve long-term investment capital
- Historical performance is not a guarantee of future performance

TSCF adopts a long-term investment horizon consistent with its perpetual structure.



Investment Objectives

Investment Return Objective

- Achieve an average return of at least 3.5% per annum after fees, expenses, tax and inflation

Investment Risk Objectives

- Preserve the real value of capital over the longer term
- Provide the liquidity necessary to meet all TSCF's cash requirements
- Diversify market and security risk within and across asset classes

Investment Governance Objectives

- Comply with all applicable legislation requirements in making investment decisions
- Ensure TSCF's assets are invested in a prudent manner

Investment Manager Objectives

- Exceed the Benchmark Return on a rolling three-year basis after fees and expenses.
- Manage the risk of the portfolio to be consistent with a Balanced strategy of 60% Growth Assets and 40% Income Assets, or a different strategy as deemed appropriate by the FAIR Committee and approved by the Board. Any change will be discussed with the Investment Advisor(s) at the time, and recorded in writing.



Risk Management

The Board has determined that the appropriate level of risk for the TSCF is that of a Balanced investment profile. A portfolio of 60% growth assets and 40% income assets reflects the level of volatility accepted by the Board as at the inception of this SIPO. This could be changed through a recommendation of the FAIR Committee and approval by the Board.

Risk and return are related. The Board recognises the need to accept risk in order to meet its long-term investment return objectives. Key risks include:

Market Risk - the risk of market downturns. This is mitigated by taking a long-term view of markets and through diversification of assets.

Inflation – the risk of losing the purchasing power of distributions and TSCF’s real capital base. This is mitigated long-term through allocations to assets that appreciate in real terms over time and through seeking additional returns from active investment management.

Interest Rate Risk – the risk of losing capital when interest rates rise. Mitigated through diversification and active management of bond portfolios.

Currency Risk – the risk of losing value on offshore assets when the NZ dollar appreciates against foreign currencies. Mitigated through taking a longer-term view and having a diverse basket of foreign currencies.

Credit Risk – the risk of loss through corporate defaults. Mitigated by limiting allocations to non-investment grade credit and through diversification.

Liquidity Risk – The risk of not being able to convert an investment to cash when required. Mitigated through predominately investing in listed securities and sound budget forecasting.

Operational Risk – The risk of losing money through errors, omissions and/or fraud. Mitigated by performing thorough due diligence on Investment Managers and funds and ensuring that Investment Managers have appropriate professional indemnity insurance.



Asset Allocation

The TSCF Board has determined that the assets will be managed in two portfolios, being:

- The Securities Portfolio of predominantly listed securities managed by external investment managers, and may include:
 - Company shares
 - Listed property
 - Listed infrastructure
 - Exchange traded funds
 - Listed investment trusts
 - Sovereign bonds
 - Corporate credit
 - Other fixed income instruments
 - Alternatives
 - Cash

- The Direct Asset Portfolio of unlisted assets resulting from bequests or investment on authority of the Board.

Strategic asset allocation ranges are set within defined minimum and maximum bands. Actual allocations may vary within these ranges depending on market conditions and manager positioning.



Investment Advisors

TSCF appoints external professional advisor(s) to manage the pooled portfolio. Each Investment Advisor will be responsible for the following:

- Managing the funds allocated to them in accordance with the investment management agreements and/or governing documents referred to in the application form(s)
- Selecting securities within each asset class, subject to the constraints imposed in this document and any applicable legislation
- Where the Investment Advisor's portion of the investment fund consists partly or wholly of a portfolio of individual securities, the Investment Advisor's investment management agreement shall include explicit reference to the constraints or guidelines referred to in this SIPO as these relate to the Investment Advisor
- Where the Investment Advisor's portion of the investment fund consists wholly of units in a pooled fund or funds, the Investment Advisor shall undertake to advise TSCF of any variations that may arise from time to time between the operation of such pooled fund(s) and the constraints or guidelines in this SIPO as these relate to the Investment Advisor
- Supplying any reports of the fund's performance results in advance of regular meetings and on request, participating in those meetings to review the written reports. The reports shall contain such information and in such format as agreed with TSCF but must contain sufficient information to enable the annual financial statements to be produced
- Managing the investment fund in a manner that is consistent with the tax status of TSCF
- Participating, when required, in the annual review of this SIPO



Performance Monitoring

The FAIR Committee will review Investment Advisor performance on at least a quarterly basis and provide a report to the Board.

Each Investment Advisor is expected to provide sufficient information for monitoring purposes including:

- Monthly investment returns before tax and fees for each asset class managed and for the total portfolio under their management
- Annual Controls reports issued by independent auditors as well as bridging letters for any period outside of the report's date
- Asset allocations of the portfolio under their management at the end of each month
- Performance report with comparison to an appropriate benchmark of the market indices.

Investment Policies

Direct Assets Policy

Direct Assets may be held by TSCF within the portfolio limits specified in this SIPO. Specifically, direct property investments shall:

- Be from donor bequests; no investment into direct property is authorised by the Board
- Have tenant types that comply with the Responsible Investment Policy
- Be managed by reputable property managers selected through an appropriate selection process and reviewed for performance on an ongoing basis.
- Be properties considered to be of good quality, compliant and low risk.
- Be a safe environment for tenants including having adequate earthquake resilience.

Any property bequests falling outside of this policy will be sold as soon as practical. Complying property will be assessed on a case-by-case basis with a view to sale over time.

Other direct assets must be via unlisted managed funds or limited partnerships.



Rebalancing Policy

The portfolios will be monitored against asset allocation targets and ranges. The Investment Managers are expected to maintain portfolio allocations within the ranges specified in this SIPO. Rebalancing should only be done to restore the target allocation, not to try to predict the market.

Responsible Investment

TSCF adopts the approach utilised by the New Zealand Superannuation Fund in relation to Responsible Investment and expects that when investments are being made by its Investment Managers, there will be:

- Exclusions of investments that do not act in accordance with New Zealand and international law, or international conventions to which New Zealand is a signatory;
- Further exclusions on ethical grounds, where practical, of investments that TSCF believes are inconsistent with the vision of the TSCF: building healthy, resilient and self-sustaining communities;
- The application of Environmental, Social and Governance (ESG) benchmark assessments.

TSCF's current exclusions are:

- Tobacco or tobacco related product growers or producers
- Weapons manufacturers including firms that produce landmines, chemical and nuclear weapons and assault rifles
- Casinos or other gambling firms including companies that produce specialised hardware and software for gambling
- Any companies on the exclusion list of the New Zealand Superannuation Fund.



Prohibited Securities and Transactions

- Prohibited securities include commodities, futures contracts and highly leveraged managed funds.
- Prohibited transactions include short selling, margin lending, direct foreign currency speculation and derivatives.

Liquidity and Distributions

The investment portfolio must:

- Provide sufficient liquidity for grant distributions
- Support operational requirements
- Avoid forced asset sales under normal conditions

Distribution rates are determined annually by Board policy. Distributions may be sourced from any element of the investments of the Foundation and its investment returns, including investment income, realised and unrealised capital gains and underlying capital.

Review of the SIPO

This SIPO takes effect from 1 May 2026 and replaces the Investment Policy Statement (IPS) dated 31 March 2025. Defined terms in MOWs executed prior to 1 May 2026 have the meanings ascribed to them as at the date of execution.

This SIPO shall be formally reviewed;

- On a biennial basis
- In the event of material change to either TSCF or the invested portfolio
- At any other time the Trustees deem it necessary.

This Statement has been reviewed and approved by the trustees of the Top of the South Community Foundation and certified by:

Signed: 
Board Chair

Date: 21 April 2026



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