

## Ngati Pahauwera Commercial Development Limited

Report on the share investment portfolio to 30 June 2016

13 July 2016

1. Ngati Pahauwera Commercial Development Limited (NPCDL) is responsible for the investment and management of the commercial assets of the Ngati Pahauwera Development Trust (Trust). The Trust is governed by its trustees (Trustees). The decisions for NPCDL are made by its directors.
2. The investments of NPCDL are made in accordance with the statement of investment policies and objectives (Sipo) set by the Trustees for the Trust. The responsibility for its implementation lies with the directors of NPCDL.
3. In October 2013 NPCDL commenced the process of building its long term share portfolio. The shares are bought in accordance with the mandate that forms part of the Sipo.
4. The intention is to build and maintain a diversified portfolio of shares. In respect of the share portfolios, the objective is to provide an increasing stream of dividend income that will be available to support the wider work of the Trust. In addition, and over the longer term, the goal is to grow the value of the shares to help protect the Trust's capital base and grow the income in real terms.
5. The share portfolio forms part of the wider NPCDL investment portfolio. Currently the wider portfolio includes cash (bank deposits), but will in time also include bonds, when suitable bonds become available. It is not expected that bonds will be added to the portfolio for several years, given where interest rates currently are.
6. The current portfolio is made up of both listed and unlisted shares. The unlisted shares are expected to provide longer term, higher returns (streams of dividends). The listed shares provide liquidity, though it is not expected that the share exposure will be reduced and therefore the need for specific liquidity with each share is low.
7. Until March 2015, the focus was on NZ and Australian shares. In March 2015 global shares were added to the portfolio to increase diversification and to reduce the investment risk.
8. Separately, NPCDL manages the farm investments.

### Net capital invested

9. To date, \$7,447,284 has been invested in several tranches and 71 shares have been bought:

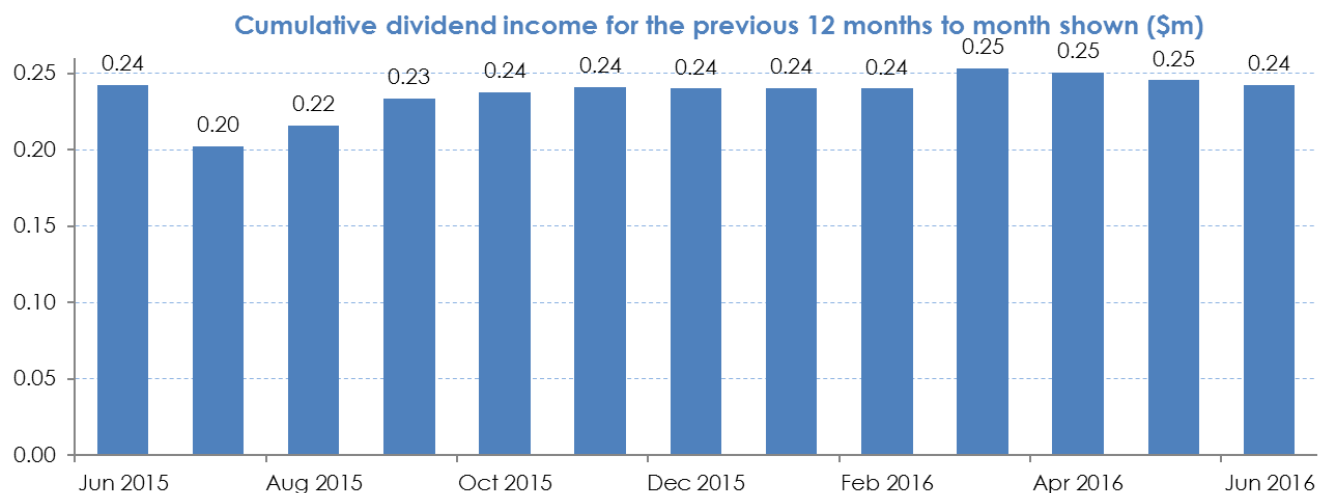
Oct	2013	\$180,000
Nov	2013	\$20,000

Feb 2014	\$153,522
Apr 2014	\$5,000
May 2014	\$1,976,212
June 2014	\$933,836
Aug 2014	\$1,032,548
Oct 2014	\$996,654
Mar 2015	\$1,000,530
May 2015	\$45,000
Oct 2015	\$32,654
Dec 2015	\$156,907
Mar 2016	\$1,105
May 2016	<u>\$913,316</u>
	\$7,447,284

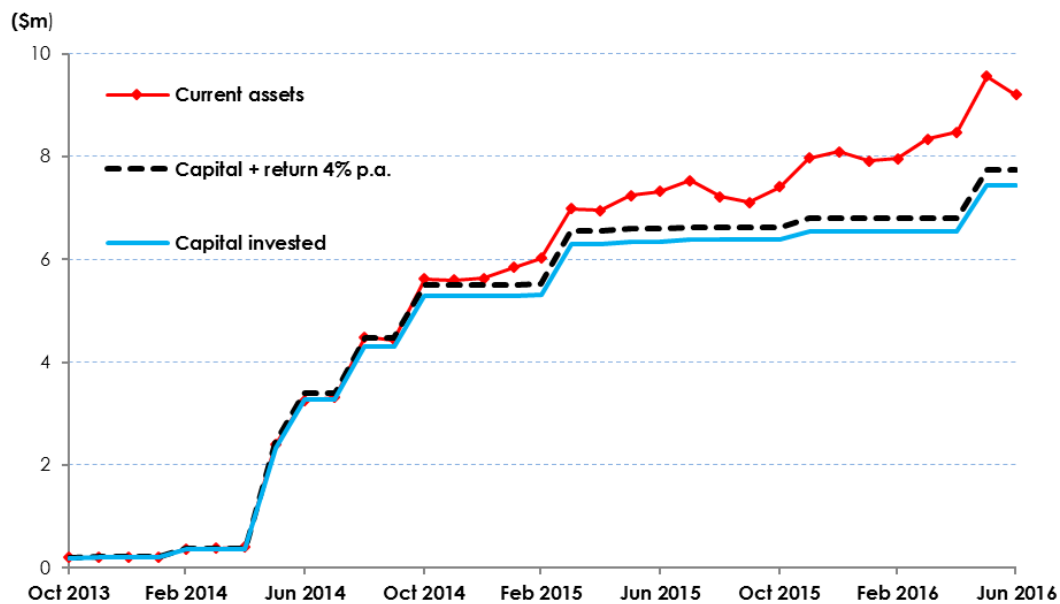
10. As at 30 June 2016, the portfolio has grown in value by \$1,775,145 to \$9,222,429. In addition, dividends of \$475,562 have been received and paid to the Trust, making the total return \$2,250,707.

	2013/14 (6 months)	2014/15 (12 months)	2015/16 (15 months)	Total
Net new capital invested	353,522	5,496,021	1,597,741	7,447,284
Dividends received	-	136,830	338,732	475,562
Market movement	28,800	1,109,470	636,875	1,775,145
Dividends paid to Trust	-	-136,830	-338,732	-475,562
Current value	382,322	6,605,491	2,234,616	9,222,429
Total return	28,800	1,246,300	975,607	2,250,707

11. The dividends received on a rolling 12 month basis have been:



12. The growth in the value of the portfolio, excluding the dividends received, has been:



13. The overall returns from the portfolio by region since inception have been:

	NZ	Australia	Global	Total
Net Capital invested	3,153,203	2,894,324	1,399,757	7,447,284
Dividends received	238,450	208,857	28,254	475,562
Dividends paid to Trust	-238,450	-208,857	-28,254	-475,562
Market movement	1,232,785	418,903	123,457	1,775,145
Current value	4,385,988	3,313,227	1,523,214	9,222,429
Investment return	1,471,235	627,761	151,711	2,250,707
Percentage return	22.6%	16.7%	10.0%	18.2%

14. The overall return since inception can be split between the income return (i.e. dividends) and the growth return (change in market value), we expect that the growth return will be volatile and at times, negative over short periods. These returns are:

	NZ	Australia	Global	Total
Income return	238,450	208,857	28,254	475,562
Growth return	1,232,785	418,903	123,457	1,775,145
Total	1,471,235	627,761	151,711	2,250,707

15. The returns received in percentage terms, can be compared to the returns from the general market. The returns achieved on each of the component parts of the portfolio, as well as the overall total were:

	NZ	Australia	Global	Total
NPCDL portfolio	22.6%	16.7%	10.0%	18.2%
Market benchmark	14.3%	1.7%	1.2%	5.7%

Note, the total is not the sum of the component parts. Also the general market returns and NPCDL returns exclude imputation credits, as these are of no value to the Trust.

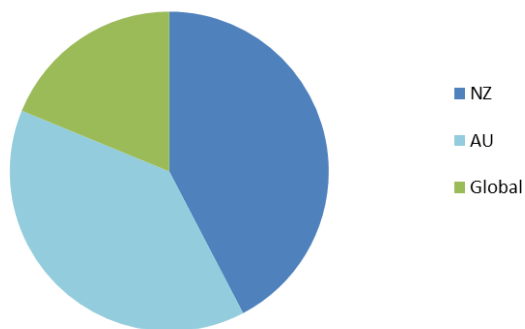
16. The market benchmark returns in the above table are the returns from the general market indices of:

NZ: S&P/NZX 50      Australia: S&P/ASX 200      Global: MSCI (NZ\$)

17. Details of the current holdings are set out in the appendix. The overall characteristics are:

	NZ	Australia	Global	Total
No. of shares	21	23	27	71
Listed companies	19	23	27	69
Private companies	2	-	-	2
Net capital invested	3,153,203	2,894,324	1,399,757	7,447,284
Current value	4,385,988	3,313,227	1,523,214	9,222,429
Average holding value (\$)	150,000	126,000	52,000	105,000

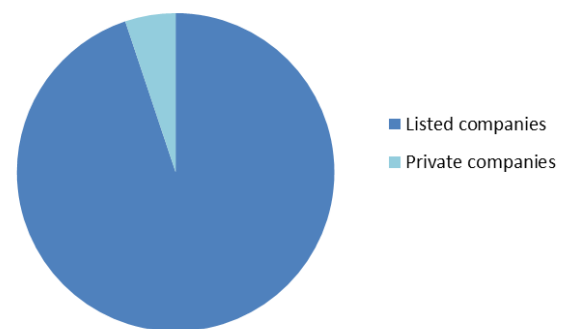
**NZ vs AU vs Global split**



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Lu McDonnell (chairman)

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Tania Hodges

**Listed vs Private split**



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Toro Waaka

\_\_\_\_\_  
Michael Chamberlain

## Appendix

### NZX50

ABANO HEALTHCARE GROUP LIMITED	ABA
AUCKLAND INTERNATIONAL AIRPORT LIMITED	AIA
AIRWORK HOLDINGS LIMITED	AWK
COMVITA LIMITED	CVT
EBOS GROUP LIMITED	EBO
FLETCHER BUILDING LIMITED	FBU
FISHER & PAYKEL HEALTHCARE CORPORATION	FPH
FREIGHTWAYS LIMITED	FRE
GREEN CROSS HEALTH LIMITED	GXH
HELLABY HOLDINGS LIMITED	HBV
MERIDIAN ENERGY LIMITED	MELCA
METLIFECARE LIMITED	MET
MAINFREIGHT LIMITED	MFT
METHVEN LIMITED	MVN
PACIFIC EDGE LIMITED	PEB
PORT OF TAURANGA LIMITED	POT
SKELLERUP HOLDINGS LIMITED	SKL
VECTOR LIMITED	VCT
VISTA GROUP INTERNATIONAL LIMITED	VGL

### ASX200

AUTOMOTIVE HOLDINGS GROUP LIMITED	AHE
ALS LIMITED	ALQ
AMCOR LIMITED	AMC
ANSELL LIMITED	ANN
AUSTRALIA AND NEW ZEALAND BANKING GROUP	ANZ
BHP BILLITON LIMITED	BHP
BLACKMORES LIMITED	BKL
BANK OF QUEENSLAND	BOQ
BRAMBLES LIMITED	BXB
CSL LIMITED	CSL
EVENT HOSPITALITY AND ENTERTAINMENT	EVT
LEND LEASE CORPORATION LIMITED	LLC
ORORA LIMITED	ORA
PACT GROUP HOLDINGS LIMITED	PGH
QUBE HOLDINGS LIMITED	QUB
RAMSAY HEALTHCARE LIMITED	RHC
RESMED INC	RMD
SONIC HEALTHCARE LIMITED	SHL
SUNCORP GROUP LIMITED	SUN
SYDNEY AIRPORT	SYD
WESTPAC BANKING CORPORATION	WBC
WESTFARMERS LIMITED	WES
WOOLWORTHS LIMITED	WOW

## MSCI

AEROPORTS DE PARIS	ADP
AMERICAN WATER WORKS COMPANY INC	AWK
AT & T CORP	T
COLGATE-PALMOLIVE CO	CL
CRANE COMPANY	CR
DANAHER CORPORATION	DHR
FRESENIUS SE+CO.KGAA O.N.	FRE
GENERAL ELECTRIC COMPANY	GE
GENERAL MILLS INCORPORATION	GIS
ILLINOIS TOOL WORKS INCORPORATION	ITW
JOHNSON & JOHNSON	JNJ
KIMBERLEY-CLARK CORPORATION	KMB
KONE OYJ	KNEBV
KRAFT HEINZ COMPANY	KHC
L'OREAL	OR
MEDTRONIC PLC	MDT
MERCK & CO INC	MRK
3M COMPANY	MMM
PFIZER INC	PFE
RECKITT BENCKISER PLC	RB
REPUBLIC SERVICES INC	RSG
ROCHE HOLDINGS AG	ROG
ROCKWELL INTERNATIONAL CORPORATION	ROK
STANLEY BLACK AND DECKER INC	SWK
THERMO FISHER SCIENTIFIC INC	TMO
UNILEVER NV-CVA	UNA
WALGREENS BOOTS ALLIANCE INCORPORATION	WBA

## Private Companies

PHYTOMED  
SUPREME BIOTECH