



**ACORN
FOUNDATION**
WESTERN BAY OF PLENTY

**Statement of Investment Policy and
Objectives**

February 2025

Acorn Foundation Statement of Investment Policy and Objectives

This Statement of Investment Policy and Objectives sets out the investment objectives of the Acorn Foundation and the way the investments will be managed to meet those objectives.

Table of Contents	Page
Defined Terms	4
1. Background	5
2. Statement of Investment Policy and Objectives	5
3. Roles and Responsibilities	5
3.1 Trustees of Acorn Foundation	5
3.2 Investment Advisory Committee	6
3.3 Investment Decision-making	7
3.4 Custodian	7
4. Investment Objectives	8
4.1 Return on Investments	8
4.2 Risk Tolerance	8
5. Investment Constraints	9
5.1 Legal and Regulatory Status	9
5.2 Taxation Status	9
5.3 Investment Time Horizon	9
5.4 Liquidity and Income Requirements	9
5.5 Responsible Investing	9
6. Asset Mix	9
6.1 Recommended Asset Mix	10
Table 1: Long Term Strategic Asset Allocation	10
6.2 Rebalancing policy	10

6.3	Asset Allocation Review	11
7.	Investment Management Guidelines	11
7.1	Eligible Investments – Definitions and Constraints	11
7.1.1	Cash and Cash Equivalents	11
7.1.2	New Zealand Fixed Income	11
7.1.3	International Fixed Income	12
7.1.4	New Zealand and Australian Equities	12
7.1.5	International Equities	13
7.1.6	Alternative Investments	13
7.1.7	Additional Constraints – Inclusions and Exclusions	13
8.	Performance Standards	14
8.1	Investment Returns	14
8.2	Risk Exposure	14
8.3	Benchmarks	15
9.	Reporting and Service	15
9.1	Investment Adviser	15
9.2	Custodian	16
10.	Appointment and Termination of the Investment Adviser	16
11.	Review of the Manager	16
12.	Conflict of Interest	18
13.	Adoption of Statement of Investment Policy and Objectives	18
Appendix:	Acorn SIPO Review History	19

Defined Terms

“Acorn Foundation Investment Beliefs”	means the investment beliefs found on the Foundation website
“Custodian”	means the appointed custodian of the Acorn Fund
“Discretionary”	means that the Investment Adviser does not need to seek IAC approval for individual securities trades
“Foundation”	means the Acorn Foundation
“Foundation’s Vision”	means the Foundation Vision found on the Foundation website
“Fund”	means Acorn’s investment Fund
“Fund manager”	means a professional investment manager appointed by the IAC and / or the Investment Adviser to manage a portion of the Fund
“FUM”	means the total sum of Acorn’s funds under management
“Investment Return”	means return from investment activities including dividends, interest, distributions, realised and unrealised gains/losses from holding investments and foreign exchange realised or unrealised gains/losses
“Investment Adviser”	means the appointed Adviser of the Acorn Fund
“IAC”	means the Investment Advisory Committee
“IAC Chair”	means the chairperson of the IAC
“Statement of Investment Policy and Objectives” or “SIPO”	means the Foundation’s Statement of Investment Policy and Objectives
“Real Income”	means interest income and dividend flow after adjusting for inflation
“Social Impact Investment”	means any form of investment (equity or debt) that has the purpose to provide intentional, measurable, additional and positive environmental, social and community benefit in addition to an agreed upon financial return.
“Strategic Asset Allocation”	means the mix of assets for the Fund that is intended to be in place for the long-term
“Tactical Asset Allocation”	means short-term alterations to a strategic asset allocation to reflect market conditions and expectations of future risks and returns
“Trustees”	means the Acorn Foundation Trustees

1 Background

The Acorn Foundation is a charitable trust set up to inspire generosity in the Western Bay of Plenty region and provide ongoing support for the charities and community groups that operate in the region.

Except for “pass-through” giving, donors set up a “fund” that is perpetual in nature, with the return generated from investment assets purchased with this capital, utilised to fund charities in the region. These individual donor funds are pooled for investment management purposes (“the Fund”) and invested in accordance with this Statement of Investment Policy and Objectives (“SIPO”), which aligns with the purpose.

The Foundation’s pooled Fund is projected to grow indefinitely into the future. The goals and objectives of the Foundation are strongly linked to the performance of the Fund. Returns generated by the Fund will be utilised by the Foundation to:

1. Pay administration and third-party expenses of the Foundation; and
2. Pay distributions to the nominated charities of the Foundation.

The Foundation shall appoint investment professionals to provide advisory, transaction, management or custodial services (or a combination of these).

Investments shall be within the agreed allocations of this SIPO and shall recognise that the Acorn Foundation is not a taxpayer.

2 Statement of Investment Policy and Objectives

This SIPO identifies the key factors bearing upon decisions for the Fund and provides a set of written restrictions/guidelines for the management of its assets.

This SIPO is reviewed and approved at least on a biennial basis by the Foundation Trustees.

The SIPO should be read in conjunction with the separate [Acorn Foundation Investment Beliefs](#) document and the [Acorn Foundation Responsible Investment Policy](#).

3 Roles and Responsibilities

3.1 Trustees of Acorn Foundation

The Trustees have the ultimate authority over and responsibility for the Fund.

It is acknowledged that the Trustees have the power *to invest all or any part of the Trust Fund in any way permitted by law and in such manner and upon terms as the Board thinks fit* [Clause 9.1 (e) of the Deed of Trust].

To assist in the performance of their duties and to ensure that the Fund meets its objectives, the Trustees will:

- Appoint an IAC;
- Receive the IAC's recommendations with respect to the Fund's SIPO and approve (or amend) the SIPO, as appropriate, on a biennial basis; and
- Review all other reports and non-discretionary recommendations of the IAC with respect to the Fund.

3.2 Investment Advisory Committee

The IAC acts under a delegated power (Clause 12 of the Deed of Trust) where the delegation does not prevent the exercise of any power or the performance of any duty by the Board.

The IAC will:

- On a biennial basis, or more frequently if appropriate, review the Fund's SIPO and make appropriate recommendations to the Trustees;
- Formulate recommendations to the Trustees regarding the selection, engagement or dismissal of the Investment Adviser, a Fund Manager, a Custodian and any other specialist consultants;
- Formulate specialised instructions and mandates for any Investment Adviser or Manager including any restrictions on the type of assets that may be held in the Fund or the choice of asset mix. These instructions and mandates will derive from, reflect and be consistent with the provisions of this SIPO;
- Ensure all Fund investments are made with, and have access to, suitable due diligence and research from an appropriately qualified adviser, should the Investment Adviser not be able to provide such advice;
- Monitor the Fund performance and its compliance with the SIPO and report on these matters to the Trustees on an annual basis;
- Monitor the Investment Adviser's and Managers' performance and compliance with the SIPO as well as compliance with any instructions and mandates the Investment Adviser and Managers have been given;
- Take appropriate steps to resolve conflict of interest issues as provided for in Section 12 of this SIPO.

The IAC shall make recommendations to Trustees on the appointment of a consultant, adviser, Custodian, or administrator who will provide the IAC with information and advice to support:

- Fund asset allocation;
- Fund investment selections and structures;

that meet the objectives of the Foundation, within the parameters of the SIPO.

Where a recommended appointee has investment discretion, they will make investment and divestment decisions on individual securities, on behalf of the IAC.

Specifically, in recommending any appointment, the IAC will be considerate of the proposed

appointee's ability to:

- Mitigate risk and maximise return, having regard to the return objectives of the Foundation;
- Provide advice and guidance on asset allocation on a regular basis (at least quarterly), and on any relevant investment matter;
- Meet regularly with the Chair of the IAC; and
- Review the objectives and strategies outlined in this SIPO and consult with the IAC on recommended adjustments.

3.3 Investment Decision-making

The Trustees, following a recommendation by the IAC, may appoint an Investment Adviser or Fund Manager to manage some or all asset classes on a discretionary basis whereby the Investment Adviser or Fund Manager does not need to seek IAC approval for individual securities trades, provided they are in compliance with this SIPO. For any assets classes which are not managed on a discretionary basis, the Investment Adviser or Fund Manager is required to seek the approval of the IAC before taking any investment action. For clarity, fulfilling a call on capital in relation to an existing committed capital investment does not require IAC approval.

As at the date of this SIPO, the IAC has appointed the Investment Adviser to manage the asset classes as follows:

Discretionary basis:	Cash NZ Fixed Income International Fixed Income NZ Equities Australian Equities International Equities – Developed (no single stocks) International Equities – Emerging (no single stocks)
Non-discretionary basis:	Alternative assets – PE, VC, Real and Income

All IAC decisions shall be made by way of a simple majority of the IAC members (in person or by email). However, the IAC Chair shall be able to make urgent decisions on investments which meet the SIPO (up to a limit of 0.5% of the funds under management), where it is not practicable to obtain IAC input. The IAC Chair shall, immediately following the decision/investment, advise the IAC of the Chair's actions.

3.4 Custodian

Custody of the Fund's assets, with the exception of bequeathed assets that sit outside the SIPO, will be delegated to a trustee company or other financial institution similarly recognised as a depository for securities.

The Custodian will report to the Foundation and will:

- Provide safekeeping for Fund assets;
- Process authorised transactions as directed by the IAC or via an appointed and authorised Investment Adviser;
- Collect interest, dividends, distributions and the proceeds of cash equivalent and fixed income instrument maturities;
- Inform the Investment Adviser of pending corporate actions (e.g. name changes, mergers, etc.) and process instructions related to such matters;
- Deposit and transfer funds and payment of expenses as directed by the Foundation;
- Maintain a record of all transactions;
- Provide regular reports to the Foundation and to the IAC as provided for in Section 9 of this SIPO;
- Provide the Foundation, the Investment Adviser and other agents of the IAC with information required to fulfil their duties, or as directed by the IAC; and
- To the extent possible, provide applicable information as may be required by the Foundation's auditor.

4 Investment Objectives

4.1 Return on Investments

The long-term investment objectives of the Fund are:

- To preserve the nominal value of the Fund, with a preference for maintaining the real value over time;
- To generate sufficient return within the Fund on a rolling annual basis to:
 - Cover the administration expenses of the Fund, including the Investment Adviser's fees and charges;
 - Contribute to the operating expenses of the Foundation; and
 - Provide sufficient long-term returns to enable the Foundation's charitable distributions. The strategic asset allocation in Section 6.1 is expected to generate a long-run net return of at least 5.25% (i.e., net of investment costs). Return volatility means this will not be achieved every year, but this is the target net return on a rolling 5-year basis, measured on weighted average FUM over that period.

4.2 Risk Tolerance

The IAC and the Trustees of the Foundation acknowledge the long-term investment objectives of the Fund and understand and accept that short-term investment market volatility may impact Fund valuations in the short-term.

The Fund shall seek to optimize risk-adjusted return, to the extent possible, in achieving the

Fund objectives, recognising the benefit of charitable status with respect to taxation.

In the context of the Fund, risk is defined as:

- Volatility (measured by standard deviation of returns);
- Permanent loss of capital;
- Underperformance vs objectives or vs benchmark indices; and/or
- Real-value decrease (inflation-linked).

Three factors determine an investor's risk profile:

- i. Risk need;
- ii. Risk taking ability / risk capacity;
- iii. Behavioural risk tolerance.

The IAC and the Trustees have assessed the Foundation's risk profile to be "Moderately Aggressive", corresponding to a "Growth" asset allocation as detailed in Section 6.1. This assessment is based on the three risk factors above, applied to the Foundation as follows:

- i. Risk need: a moderate level of risk is required to meet the Foundation's return objectives stated in Section 4.1.
- ii. Risk taking ability / risk capacity: the Foundation has a high-risk capacity due to the large absolute size of the Fund, its perpetual investment horizon, regular new contributions of capital and relatively modest capital withdrawal requirements.
- iii. Behavioral risk tolerance: the IAC and Trustees have a modest willingness to take risk, influenced by the community standing of the Foundation. The IAC is expected to have the investment experience and knowledge to stick to the Fund's investment strategy during times of market volatility.

5 Investment Constraints

5.1 Legal and Regulatory Status

The Acorn Foundation is a registered Charitable Trust. Its year-end is 30 June.

5.2 Taxation Status

The Foundation is registered with Charities Services as a Charitable Trust. The Fund is exempt from income tax.

5.3 Investment Time Horizon

The Foundation is perpetual in nature, and therefore the Fund enjoys a long-term investment horizon.

5.4 Liquidity and Income Requirements

The IAC is responsible for ensuring the Fund maintains sufficient liquidity to support the Foundation’s annual distribution objectives. The Foundation’s Trustees have established an annual distributions range of 3.5% - 5.0% of funds under management. This target, in conjunction with regular inflows of new donor capital, requires a low liquidity requirement on the fund.

5.5 Responsible Investing

The Fund will be managed with a Responsible Investment Framework which reflects the Foundation’s Vision.

6 Asset Mix

A Fund’s asset mix is the proportion within which various asset classes are represented in the Fund. In general, the greater a Fund’s allocation to growth assets (e.g., equities) relative to income assets (e.g., fixed interest and cash), the greater the potential for increased return and inflation protection, but with greater investment risk. Conversely the greater the allocation to income assets relative to growth assets, the greater the Fund’s potential for generating consistent returns, with reduced investment risk but with risk of inflation affecting real returns (but being protected against deflation).

Alternative assets (such as hedge funds, private equity funds, commodities and other financial assets) can offer lower correlation with traditional growth or income assets (reducing Fund risk) and increased diversification.

Control of the Fund’s Asset Allocation is, in the medium term, the principal means of controlling its risk and return characteristics.

6.1 Recommended Asset Mix

The following Strategic Asset Allocation reflects the Foundation’s investment objectives and corresponding risk profile detailed in Section 4.

Tactical Asset Allocation positions that differ from the Strategic Asset Allocation may be taken from time to time, if deemed prudent considering market conditions and valuations with the objective of meeting the performance objectives, within the risk management parameters. However, the Fund shall remain invested within the ranges in each asset class as set out below.

Table 1: Long Term Strategic Asset Allocation

Asset Class	Long-term Strategic Asset Allocation Benchmark	Range Minimum	Range Maximum
NZ Equities	14.0%	8.0%	21.0%

Australian Equities	13.0%	7.0%	20.0%
International Equities	33.0%	23.0%	43.0%
Alternative Assets: Private Equity*	11.0%	0.0%	18.0%
Alternative Assets: Real	4.0%	0.0%	9.0%
Total Growth Assets	75%	65.0%	85.0%
NZ Fixed Income	9.0%	6.0%	14.0%
International Fixed Income	8.0%	0.0%	13.0%
Alternative Assets: Income	5.0%	0.0%	10.0%
Cash and TDs	3.0%	0.0%	8.0%
Total Income Assets	25%	15.0%	35.0%

* Includes Venture Capital. IAC and the Investment Adviser will target having approximately 15% of the Private Equity portfolio invested in Venture Capital funds. This is an informal target only.

It is intended that international fixed income investments are 100% hedged. The IAC has discretion to agree a hedging approach (currently 50%) with the Investment Adviser for international equities and/or any international alternative assets.

Eligible investments within each asset class are agreed between the IAC and any Investment Adviser such that in combination they meet the overall risk tolerance of the Fund.

6.2 Rebalancing policy

An asset allocation that is materially different to the Benchmark Allocation represents a departure from the agreed risk-return profile for the Fund. Rebalancing the Fund back to the Benchmark Allocation and / or the Investment Manager's targeted Tactical Asset Allocation can add value because it is a systematic way of selling asset classes that become more expensive and buying asset classes that have become cheaper.

Rebalancing should be considered at least weekly, and assessment of potential changes should incorporate the trade-off arising from transaction costs (for example, brokerage and bid-ask spreads).

The Investment Adviser is responsible for managing the Fund within the permitted ranges (in aggregate and by asset class) and any breach:

- i. must be notified to the IAC as soon as practicable after discovery of the breach; and
- ii. must be remedied within five business days of discovery.

6.3 Asset Allocation Review

The Strategic Asset Allocation shall be formally reviewed annually, during the first calendar quarter.

The Tactical Asset Allocation will be assessed quarterly and adjusted as required, with the

objective of meeting the long-term performance objectives of the Fund and acknowledging the risk profile of the Fund as set out in this SIPO.

7 Investment Management Guidelines

7.1 Eligible Investments – Definitions and Constraints

7.1.1 Cash and cash equivalents

The primary role of the Cash allocation is to provide liquidity for managing the Fund's cash flow and preservation of capital.

Investment parameters

- Cash and cash equivalents shall comprise deposits with, or securities issued by, the registered New Zealand banks or their wholly owned subsidiaries.
- Term deposits up to 90 days are classified as cash.
- Cash may be held in multiple currencies.

7.1.2 New Zealand Fixed Income

The primary role of the New Zealand Fixed Income allocation is to provide regular income and the preservation of capital.

Investment parameters

- The New Zealand Fixed Income component of the Fund shall comprise a range of floating and fixed interest securities. Term deposits greater than 90 days are classified as Fixed Income.
- The New Zealand Fixed Income component of the Fund shall hold a diversified range of securities denominated in NZD. These may include (but are not limited to) New Zealand Government stock, local authority stock, corporate bonds, term deposits (greater than 90 days), secured loans, mezzanine financing, subordinated debt, inflation-linked, interest rate swaps, floating rate notes (FRN) and forward rate agreements (FRA).
- The major component of the New Zealand Fixed Income allocation shall be in securities that are investment grade or better.
- New Zealand Local authority bonds are deemed to be investment grade for the purpose of this policy.
- Total exposure to New Zealand Government Stock may be up to 100% of the New Zealand Fixed Income allocation.
- Total exposure to a New Zealand registered bank (excluding Cash holdings as defined in section 7.1.1 above) with a credit rating of AA- or better may be up to 20% of the New Zealand Fixed Income component of the Fund. All other total exposures across any one

entity or its subsidiaries shall not exceed 15% of the New Zealand Fixed Income component of the Fund.

- For the purpose of this policy, perpetual notes are not classed as fixed interest securities.

7.1.3 International Fixed Income

The role of International Fixed Income in the Fund is to provide diversification of exposures and access to longer duration instruments. It is expected that investment in International Fixed Income will be via managed funds rather than direct investment.

Investment parameters

- Investments in International Fixed Income must be consistent with the Foundation's risk profile.
- Investments in International Fixed Income must be 100% hedged into NZD.

7.1.4 New Zealand and Australian Equities

The primary goal of the New Zealand and Australian equity holdings is to provide sustainable income, growth in income over time, or capital growth. The best risk-adjusted returns come from holdings in quality companies purchased at reasonable prices. To this end, the Fund shall focus on stocks with characteristics that include:

- Sustainable business and earnings;
- Quality management and governance;
- Attractive cash return on invested capital and/or potential for earnings growth;
- Operate in a favourable sector;
- Sound financial position; and
- A reasonable valuation.

Investment parameters

- Investments shall be confined to publicly listed, widely held securities trading on recognised stock exchanges.
- Exposure to New Zealand and Australian equities shall be made up of holdings directly in equities (including listed property vehicles), index funds and exchange traded funds.
- The majority of this allocation shall be held in large cap stocks (i.e., members of the NZX 50 Index for New Zealand equities and ASX 200 Index for Australian equities).
- The New Zealand and Australian holdings shall complement each other and provide appropriate diversification.

7.1.5 International Equities Overview

The primary objective of the International Equities (Developed and Emerging) allocation is to provide capital growth, sustainable income or growth in income over time. It is acknowledged that International Equities carry foreign currency risk to the extent they are unhedged.

Investment Parameters

Exposure to International Equities shall be obtained through either index funds, managed funds, direct equities, or a combination of these options.

The role and makeup of the International Equity allocation is to:

- Provide exposure to large multinational businesses with significant exposure to global markets.
- Provide an income distribution via dividends, and the prospect for capital growth.
- Access higher offshore growth rates.
- Provide, through index funds, a cost-effective core exposure to global markets.
- Provide a tax effective means of accessing active managers (to the extent an active strategy is agreed between the IAC and the Investment Adviser).

7.1.6 Alternative Investments

The primary objective of alternative assets is to provide investment returns that are less correlated to listed financial market returns. In this regard, they provide important diversification of systematic risk, as well as return contribution.

The Strategic Asset Allocation includes separate target allocations for the following sub-categories of alternative assets:

- Private equity (including Venture Capital)
- Real assets (e.g., infrastructure, direct real estate, agricultural or horticultural partnerships, commodities, forestry, carbon, water)
- Income (e.g., private credit, asset backed securities, syndicated loans)

The examples above are not exhaustive and the IAC may approve other financial assets for inclusion in the alternative asset allocations from time to time. The Trustees and the IAC accept that these investments are by their nature more illiquid than other asset classes.

Investment Parameters

Each alternative asset investment must be assessed on its merits for inclusion in the Fund using the following framework:

Alts PE / VC	Alts Real	Alts Income
Consistency with Acorn SIPO and responsible investment policy Manager quality / experience and track record Appropriate governance structure Alignment of manager incentives with investor interests Liquidity, pricing and valuation methodology Duration of fund / investment, investment and reinvestment periods Distribution policy Contribution to diversification of risk and return of the total portfolio Fees and tax efficiency		
Investment mandate	Investment mandate / industry exposure	Nature of exposure
Expected return		Security
Risk profile		Credit quality
		Margin

7.1.7 Additional Constraints – Inclusions and Exclusions

- Derivative securities may be held in the Fund for hedging of risk and asset allocation purposes.
- Borrowing to fund investments is not permitted. This does not preclude investment in managed funds where the underlying manager may use short selling or leverage as part of their investment strategy.

8 Performance Standards

8.1 Investment Returns

The Fund's investment performance will be measured against the objectives of the Fund. Performance measurement will be reported quarterly.

Fund volatility will be measured and reported on a quarterly basis.

The Fund will be evaluated in terms of:

- Ability to achieve its return objectives over a 5-year period without exceeding risk constraints;
- Performance consistency relative to the Fund's stated strategy and long-term return target;
- Compliance with the provisions of this SIPO and any amendments thereto as well as any specialised instructions and mandates issued by the IAC;
- The provision of satisfactory reporting and client service; and
- Investment Manager performance (refer to Section 11 for details).

8.2 Risk Exposure

The Fund's risk exposure, as measured by the standard deviation of its returns, will be evaluated on a quarterly basis, or more frequently as necessary.

8.3 Benchmark indices

Actual investment returns and volatility will also be assessed against benchmark indices (weighted to the target Strategic Asset 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 Adviser(s). The Trustees and IAC acknowledge that the Responsible Investment Policy introduces potential for departures from the benchmark indices and therefore the Fund may perform differently to the benchmark indices irrespective of the decision of the Investment Adviser(s).

The following benchmark indices will be used:

Asset class	Benchmark
New Zealand equities	S&P/NZX 50 Gross Index
Australian equities	50% S&P/ASX 200 Accumulation Index 50% S&P/ASX 200 Industrials Accumulation Index
International equities	MSCI All Country World Gross Index
International equities (hedged)	MSCI All Country World Gross Index (100% Hedged to NZD)
Alternative growth assets	50% MSCI World Gross Index } 23% S&P/NZX 50 Gross Index } 11% S&P/ASX 200 Accumulation Index } +1.5% 11% S&P/ASX 200 Industrials Accumulation Index }
New Zealand fixed income	S&P/NZX Investment Grade Corporate Bond Index
International fixed income	Bloomberg Global Aggregate Total Return Bond Index (100% hedged)
Alternative income assets	S&P/NZX Call Rate Deposit Index + 3%
Cash	S&P/NZX NZ Gross Returns 90 Day Bank Bills Index

9 Reporting and Service

9.1 Investment Adviser

On a quarterly basis and at least one week before the first Thursday of the second month after the end of the calendar quarter, the Investment Adviser will provide the IAC with:

- A valuation of the Portfolio as at the end of the quarter, including the market value of each security or pooled fund;

- Data and commentary on the Fund’s investment performance relative to the SIPO strategy and long-term real return target, for the most recent quarter as well as for annual periods as agreed;
- Data and commentary on the performance of any underlying Fund Managers;
- Commentary on the Investment Adviser’s forward-looking investment views and plans for the Fund;
- Reporting on the volatility of the Fund during the quarter;
- Commentary on the investment strategy and tactics employed over the past quarter;
- Information pertaining to changes in ownership of the Investment Adviser or senior management personnel and/or ownership structure, if any; and
- Information pertaining to changes to the investment style, process or discipline of the Investment Adviser or any underlying Fund Managers.

The Investment Adviser will be available for meetings with the IAC on a quarterly basis, or more frequently if required by the IAC, and will be available for discussion and consultation on an ad-hoc basis. In addition, the Investment Adviser will be available for meetings with the Trustees as requested.

9.2 Custodian

The Custodian will provide the Foundation with statements monthly. These statements will include, at a minimum, a summary and a detailed listing of assets held in the Portfolio as well as a listing of transactions (including deposits, withdrawals, receipt of interest and dividends, purchases, sales, corporate actions and fees paid) that occurred in the Fund during the reporting period.

The Custodian’s reports will provide the book value and current market value of each asset held in the Fund, and categorise securities by issuer type, market sector and/or industry, as appropriate.

10 Appointment and Termination of the Investment Adviser

The IAC may recommend the appointment of an Investment Adviser or Manager for the Fund, an Asset Class or a strategy within an Asset Class.

The IAC may recommend the termination of the Investment Adviser or a Manager when one or more of the following circumstances prevail:

- The Investment Adviser or a Manager has deviated from its stated and agreed on strategy without a reasonable rationale, and without approval from the IAC;
- There has been a change in the Investment Adviser or a Manager’s key investment personnel;
- The Investment Adviser or a Manager’s performance has been unsatisfactory;
- The Investment Adviser or a Manager’s reporting and client service are unsatisfactory;

- The IAC has concerns regarding the Investment Adviser or a Manager's ethics; or
- For any other reason the IAC deems appropriate.

11 Review of the Adviser

The IAC will review the performance of the Investment Adviser annually. The criteria for the review will include, but shall not be limited to:

- Performance of the investment Fund against return and risk targets;
- Performance by asset class, having particular regard to those that were managed at the discretion of the Investment Adviser;
- Quality and timeliness of reporting by the Investment Adviser to the IAC;
- Brokerage, fees and costs; and
- Overall contribution of the Investment Adviser to the Foundation and its investment Fund and philanthropic objectives.

The IAC shall report to the Acorn Foundation Trustees on an annual basis, its assessment of the performance of the Investment Adviser, including clear views with respect to ongoing engagement.

Appendix: Acorn SIPO Review History

2007 (June)	<ul style="list-style-type: none">- Target 55% Income / 45% Growth- Ethical investment requirement included
2009 (Nov)	<ul style="list-style-type: none">- Review. Performance objective set to achieve a return after tax, fees and inflation of 6% per annum (inflation expectation of 2%)- Target 65% Income / 35% Growth
2012 (Feb)	<ul style="list-style-type: none">- Review
2014 (Feb)	<ul style="list-style-type: none">- Review. Minimum target return of 4.7% before inflation (inflation expectation of 0.5%)
2016 (Sept)	<ul style="list-style-type: none">- Review. Minimum target return of 4.7% - 6.2% before inflation.- Target 50% Income / 50% Growth long term, with a tactical short-term target of 45% Income / 55% Growth. Tactical target to be reviewed quarterly.- SRI criteria to specifically exclude alcohol, armaments, tobacco, pornography and gambling.- Maximum 7.5% allocation to alternative assets. Clearer definition of characteristics of desirable stocks.
2018 (Mar)	<ul style="list-style-type: none">- Review. Target return of 6% before inflation on a rolling 5-year basis.- Target 40% Income / 60% Growth long term- Social impact loans introduced as an asset class but to be held outside the Fund Manager's portfolio. Initially to be set at 1% of the FUM but increasing to a maximum of 5% over 5 years.- Investment beliefs added.
2019 (May)	<ul style="list-style-type: none">- Amended to make clarifications of responsibility regarding social impact loans and/or investments.
2020 (March)	<ul style="list-style-type: none">- Clarification regarding the appointment of a sub-manager to advise on specific asset classes.- Clarification of the treatment of returns from Alternative Assets.
2021 (May)	<ul style="list-style-type: none">- Review and simplification of the SIPO.- Investment Beliefs separated out as a standalone document.

- Asset Allocations revised to target 75% Growth, 25% Income.

2022 (July)

- Incorporate new Long Term Strategic Asset Allocation mix.
- Investment Management Guidelines.

2025 (February)

- Review, and minor language changes
- Minor adjustments to Strategic Asset Allocation permitted ranges
- Introduction of risk profile and benchmark indices
- Shift from gross return target, to target net of investment costs
- Performance objective revision from 5.1% to 5.25%
- Deepening of Responsible Investment Policy
- Minor changes to hedging and rebalancing policies
- Changed amount that Chair can authorise as an urgent decision to be related to fund size rather than absolute amount
- International equities moved to discretionary classes