

Anglican Church Property Trust Diocese of Sydney as trustee for the Endowment of the See Capital Fund

Investment Policy Statement

as at Friday 15 December 2017

Purpose of this Statement

1. The purpose of this statement is to –
 - (a) outline the context and background matters relevant to the investment of the property of the Endowment of the See Capital Fund (the “Capital Fund”) by Anglican Church Property Trust Diocese of Sydney (“ACPT”), and
 - (b) articulate the investment management principles adopted by ACPT for the investment of the Invested Property of the Capital Fund and the distributions received from the St Andrew’s House Trust, and
 - (c) articulate the requirements for
the periodic review of the investments of the Invested Property.

Context and Background

Trusts and Powers

2. The Capital Fund is established under the *Endowment of the See Capital Ordinance 2012* (the “Ordinance”).
3. The Capital Fund consists of –
 - (a) the “Real Property”, being that part of the Fund which is real property, but does not include the St Andrew’s House Interest, and
 - (b) the “Invested Property”, being that part of the Capital Fund which is not Real Property or the St Andrew’s House Interest, and includes income received from time to time from the Real Property, and
 - (c) the St Andrew’s House Interest, being the right, title and interest in the St Andrew’s House Trust which forms part of the Capital Fund, and includes distributions from time to time from that Trust.
4. Under clause 4 of the Ordinance, the Capital Fund is held by ACPT on trust for the following purposes of the Anglican Church in the Diocese Sydney –
 - (a) to provide in perpetuity income to enable the payment of the amounts, expenses and costs referred to in clause 4 of the *Endowment of the See Expenditure Fund Ordinance 2012*, and
 - (b) to make the applications referred to in clause 8 of the Ordinance for the purposes specified in that clause, and
 - (c) to pay the costs and expenses of ACPT in performing its functions and exercising its powers under the Ordinance, and
 - (d) in respect to that part comprising the Real Property, to provide housing for the Archbishop and such other senior clergy of the Diocese as he may determine.
5. Under clause 5(1) of the Ordinance, ACPT is to invest, manage and administer the Capital Fund and, in conjunction therewith, to –
 - (a) maintain the real value of the Invested Property unless relieved of this obligation or as otherwise directed by ordinance of the Standing Committee, and
 - (b) receive distributions from the St Andrew’s House Trust, and
 - (c) care for, repair, renovate and refurbish the Real Property to an appropriate standard having regard to the age and use of the Real Property.
6. For the purposes of clause 5(1) –

- (a) "real value" is to be measured having regard to the movement of the value of the Invested Property and the corresponding movement in the CPI All Groups Index published by the Australian Bureau of Statistics, and
 - (b) the objective specified in that clause is to be measured over rolling 10 year periods, the first such period to commence on the date of commencement of the Ordinance, being 14 August 2012.
7. Clause 5(2) provides that, subject to clause 5(1), ACPT is to provide for distributions from the Capital Fund in accordance with clause 8.
 8. Under clause 6 of the Ordinance, the powers of ACPT in relation to the Capital Fund are those set out in the *Anglican Church Property Trust Diocese of Sydney Ordinance 1965*. These powers include the powers of ACPT to invest property held by it for investment, including the pooling of property for investment purposes.
 9. Under clause 7 of the Ordinance, the costs and expenses of ACPT in performing its functions and exercising its powers under the Ordinance are to be paid from the Capital Fund.
 10. Under clause 8 of the Ordinance, ACPT is to determine before 25 November each year the amount which may be distributed to the EOS Expenditure Fund from distributions received in respect of the St Andrew's House Interest and the returns from the Invested Property after taking into account –
 - the costs and expenses of ACPT in performing its functions and exercising its powers in the following year, and
 - the retention of an appropriate amount (if any) from the returns from the Invested Property, to maintain the real value of that Property,
 - the retention of an appropriate amount to enable ACPT to properly care and maintain the Real Property in the following years; and
 reimbursement of any ACPT approved unbudgeted expenditure incurred during a given year from the following year's distribution.
 11. The amount determined is to be paid to the Expenditure Fund by 4 equal instalments each due on or before 15 January, 15 April, 15 July and 15 October in the calendar year following the year in which the determination is made.

Investment of the Invested Property and distributions

12. By clause 5 of the Ordinance, ACPT is to invest the Invested Property of the Fund and maintain the real value of that Property measured over rolling year periods. There is also an expectation implicit in the Ordinance that a reasonable return will be earned from the investment to enable ACPT to fulfil its other responsibilities under the Ordinance.
13. ACPT recognises that the investment of the Invested Property necessarily involves risk, particularly if a reasonable return is to be earned from such investment. Accordingly, it will seek to preserve the real value of the Invested Property, over a rolling 10 year period, with a 70% probability. ACPT considers that a 70% probability of maintaining the real value of the Invested Property is an appropriate balance between risk and return.
14. ACPT has determined that the Invested Property should be invested predominantly in units in the Long Term Pooling Fund, being the fund established by the *Long Term Pooling Fund Ordinance 2012*. The investment policy and the distribution policy of the Long Term Pooling Fund, articulated in its Investment Policy Statement, are intended to ensure that the real value of units in the Long Term Pooling Fund are maintained over a rolling 10 year period with a 70% probability, and subject thereto, make distributions available to the holders of units in that Fund. ACPT has also determined that a portion of the Invested Property may be held in a Diocesan Cash Investment Fund Account if the expectation is that that portion of the Invested Property is likely to be required within less than a 5 year horizon.
15. Distributions received from the Long Term Pooling Fund and distributions from the St Andrew's House Trust are to be paid into the appropriate Diocesan Cash Investment Fund Account until applied or distributed in accordance with the Ordinance.

Ongoing Review and Reporting

16. This Investment Policy Statement will be formally reviewed no less frequently than every 3 years.
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| Effective | 29.8.2014 |
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| Revised | 15/12/2017 |
| Review date | By 31/12/2020 |