PERTH DIOCESAN TRUSTEES POLICY 52

Anglican Church
Diocese of Perth

Equity Investment Pool

Approved by the Perth Diocesan Trustees 20 December 2018
Next Review 20 December 2023

Whereas certain trust funds are held in the name of The Perth Diocesan Trustees (“the Trustees") and, as determined by the Trustees, it is agreed that certain equity assets of the trusts are amalgamated to comprise a common Equity Investment Pool for the pooling of income and capital gains arising from assets of these trusts and to share the income and capital gains arising in the agreed portions based on the present value of each trust in the Equity Investment Pool.

Equity Investment Pool equity assets are to be managed by the Investment Sub Committee in accordance with this Policy and and with Policy 25 - The Perth Diocesan Trustees Investments.

1. INVESTMENTS SUBJECT TO TRUSTS

1.1. As to equity assets subject to specific trusts, this policy shall be read and construed and take effect subject to the conditions of such trusts.

2. INVESTMENTS OF EQUITY ASSETS

2.1. Equity assets now held or which may in the future be held by the Trustees on behalf of various trusts and have been identified by the Trustees, will be included in the Equity Investment Pool.

2.2. The assets constituting the Equity Investment Pool are to be invested in accordance with the powers conferred on the Trustees by the Anglican Church of Australia (Diocesan Trustees) Act 1888, The Diocesan Trustees Statute 2016 and Trust Funds Statute 2016.

2.3. Portfolios of equity assets are created within the Equity Investment Pool based upon strategic asset allocation policies that support specific investment objectives appropriate to the requirements of certain trusts, including a risk profile e.g. low, low-medium and medium risk profiles and investment horizons e.g., short, medium or long term (“Portfolios”).

2.4. Investments made from equity assets forming part of the Equity Investment Pool shall not be deemed to have been or be made in the name of or on account of any particular trust nor shall they belong to any particular trust but the Trustees shall keep an account in its books showing at all times the current amount for the time being at credit for each trust in respect of each Portfolio.

2.5. Any capital profits or losses upon realization of any investment in respect of each Portfolio shall be credited or debited (as the case may require) to the Portfolio and be, in proportion to the current amount for the time being at credit in respect of each Portfolio on account of each trust, added to or deducted from the several amounts at credit in respect of each Portfolio at the time of such realisation.

2.6. The net income (income and unrealised capital gains/losses) received from any investment in respect of each Portfolio shall be credited to the Portfolio and be, in proportion to the current amount for the time being at credit in respect of each Portfolio on account of each trust, added to or deducted from the several amounts at credit in respect of each Portfolio at the time of receipt.

2.7. Any distribution income to which a trust is entitled but which is held by the Trustees at the request of the trust’s beneficiary may be re-invested by the Trustees into the Equity Investment Pool on behalf of the trust.

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3. WITHDRAWALS, DEPOSITS AND DISTRIBUTIONS

3.1. The Diocesan Secretary or the Chief Financial Officer has the discretion on the last business day of each month to withdraw from any Portfolio any amount at credit in respect of each Portfolio on account of any trust beneficiary or receive amounts deposited into Equity Investment Pool on account of any current or new beneficiary or trust.

3.2. In respect of each amount withdrawn from the Equity Investment Pool, the beneficiary in respect of which such withdrawal is made, shall as from the date of such withdrawal, cease to have any claim to accruing capital or income from the Equity Investment Pool in respect of the amount withdrawn.

3.3. If, for the purpose of providing for any withdrawal, any investment is realized, then for the purpose of this section that part of the moneys arising from such realization as is equal to the amount of interest accrued on such investment shall be deemed to be income of the Equity Investment Pool and the balance shall be deemed to be capital.

3.4. On the last business day of each month, in which there shall be any withdrawal from the Equity Investment Pool, the value of the investments shall be determined in each Portfolio in the Equity Investment Pool with regard to the accrued income thereon.

3.5. The Trustees will determine an annual distribution rate in respect of each Portfolio based on a percentage of estimated assets as at 30 April annually and will make distributions to the trust beneficiaries entitled, by paying an equal rate in proportion to the current amount for the time being at credit in respect of each Portfolio on account of each trust. Distributions will be paid by equal amounts on 31 October and 30 April annually (or the next business day if not one.

3.6. In this policy, a reference to withdrawal by or payment to a beneficiary includes an application for the purpose of a trust.

4. OTHER MATTERS

4.1. The determinations from time to time made under the preceding sections of this policy shall be binding on all beneficiaries of the Equity Investment Pool and shall be reflected from time to time in the current amount for the time being at credit in respect of each Portfolio in the Equity Investment Pool, on account of each trust.

4.2. The management costs attendant upon the operation of the Equity Investment Pool shall until otherwise varied by a resolution of the Trustees, be levied on the beneficiaries at the rate of 6% of the net annual distribution amount from the Equity Investment Pool and such percentage shall be credited to the Diocesan Office working account as a contribution towards the expenses of administration.

4.3. The Trustees may borrow against the Equity Investment Pool assets up to no more than 10% of the Equity Investment Pool's assets providing interest cover is greater than 4.00 times (Interest Cover = [Income – Overheads] / Interest Expense).