

Clare Foundation

# Statement of Spending and Investment Policy and Objectives

1 October 2025

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# 1. Introduction

Clare is a philanthropic foundation (the Foundation) established by Anna Stuck in 2019 to improve this life.

The Foundation is a registered Charitable Trust and was formed by through the creation of the Anna Margaret Clare Charitable Trust (the Trust) in compliance the Charitable Trusts Act 1957. Money, investment, or other property may be paid or given to or acquired or agreed to be acquired by the Trust under the terms of the trust deed. Together these assets comprise a Trust Fund which is to be applied exclusively for charitable purposes within New Zealand or overseas. The Foundation's investment income is subject to taxation rules for charitable foundations. Therefore, the Foundation does not expect to pay income tax on the investment income earned on the assets. The balance date of the Foundation is 31 March.

This Statement of Spending and Investment Policy and Objectives (the SSIPO) considers the requirements of:

- The Trust Deed constituting the Clare Foundation dated 18 Dec 2019
- Charitable Trusts Act 1957
- The Trusts Act 2019
- The Foundation's Strategy Framework

This Statement of Spending and Investment Policy and Objectives (the SSIPO) sets out the Foundation's objectives, philosophy, policies, and procedures for governing spending and investment decisions and the role and responsibilities of the Trustees in relation to the Foundation's assets. These policies and procedures are designed to provide the greatest probability that the Trust Fund's objectives are met in a prudent manner, consistent with the Foundation's purpose and objectives.

## 2. Overview of the Foundation

Clare is a progressive philanthropic foundation that wants more for our people and planet. Through a proactive approach, Clare invests in ways that positively impact our environment, oral health, youth wellbeing and women to create extraordinary change.

The Foundation's long-term objectives are to:

1. Invest in people, organisations, ideas or projects that ignite tangible, extraordinary change across our four strategic focus areas – environment (climate and waste), oral health, youth wellbeing and women by building long-term strategic partnerships as well as funding specific projects that are doing great work right now.
2. Act with the intention to spend down the capital base within 10 years with impact.
3. Enable prudent governance and management of investment portfolio to maximise available funds over the 10 years with a focus on impact investing.

While it is not envisaged that the Foundation will exist into perpetuity, there is no definitive end date. For investment and expenditure planning purposes, the time horizon of the Foundation is intended to be 10 years.

## 3. Investment Philosophy

The investment beliefs of the Foundation - collectively, the investment philosophy - guide the investment strategy and implementation of the Trust Fund:

- 3.1. The Foundation believes that incorporating Environmental, Social and Governance investment principles into investing will lead to better social, environmental, and financial outcomes.
- 3.2. When considering investment allocations, the Foundation recognises the returns from investment decisions may include social, environmental, or financial returns.
- 3.3. Positive social and/or environmental returns from impact investing with no financial return are acceptable but are classified as a philanthropic activity and not an investment activity of the Trust Fund.
- 3.4. The Foundation is willing to take risks, and not be constrained by those investment norms identified as incompatible with the unique purpose and intent of the Foundation.
- 3.5. It is challenging to get consistent positive returns over the short- to medium-term.
- 3.6. If the Foundation invests in growth asset classes (e.g., equities), there is the potential for the asset class to deliver higher returns. However, those returns may be more volatile and carry greater risk. Fixed interest is less volatile and carries a lower risk. However, it may deliver lower returns.

## 4. Statement of Objectives

### 4.1. Clare's spending policy

In accordance with the Trust Deed, the Trustees may, in any financial year:

- a. Use or apply, or decide not to use or apply, all or any of the income of the Trust Fund.
- b. Use or apply any capital of the Trust Fund without first using or applying the whole or any portion of the income of the Trust Fund for that year.
- c. Set aside reserves and accumulations for future use or application.

The spending of the Trust Fund may take different forms, including donations, grants, sponsorships, and the provision of non-financial resources. Funds can also be used for expert advice or research and development projects in the areas of interest to the Foundation.

### 4.2. Clare's investment policy

Investment objectives:

- a. Minimise the risk of the capital base being eroded by investment losses and capture the opportunity to add to the funds available for philanthropy.
- b. Maintain liquidity to enable flexibility and the agility to implement spending decisions on a timely basis.
- c. Achieve over 5-year rolling periods a return of 2%, net of inflation and fees.
- d. Predominately apply an active management approach to investing where there is potential for added value or to meet desired ESG or impact outcomes.
- e. Be socially and environmentally responsible in our investment decisions.

The Trustees recognise there can be short-term market volatility, and the 10-year horizon of the Foundation may make it more challenging to achieve the return objective.

## 5. Roles and Responsibilities

### 5.1. Trustees

The Trustees have the ultimate responsibility for managing, directing, and governing the operation of the Foundation.

With respect to spending of the Trust Fund assets, the Trustees are responsible for:

- Determining the themes, the method, timing and the quantum of application and use of the Trust Fund's assets to any particular organisation, individual or entity.
- Ensuring the expenditure is consistent with the Foundation's strategy and objectives.
- Approving donations in line with the delegated authority policy.
- Measuring the impact of the expenditure.

With respect to investment of the assets of the Trust Fund, the Trustees are responsible for:

- Determining investment objectives, policies, and parameters.
- Determining and implementing the investment strategy.
- Approving changes to the investment portfolio. Material changes to the investment strategy must be approved by all trustees.
- Appointing, terminating, and replacing any investment consultants, investment managers or administrators.
- Ensuring a process exists to monitor the performance of the Trust Fund.
- Reviewing the SSIPO on a regular basis to ensure adherence to its objectives and policies and to consider if it continues to meet the needs of the Foundation.

### 5.2. Investment Consultant

The Trustees may, from time to time, appoint an independent investment consultant to provide ongoing investment expertise such as implementing and managing investment decisions and evaluating and reporting portfolio performance. The role of the investment consultant may vary as the Foundation evolves. The investment consultant is responsible for:

- Review impact-based framework and asset allocation from time to time.
- Monitor and review the performance of the investment portfolio and the investment managers.
- Report to Trustees on:
  - Portfolio value and performance by attribution and at a consolidated level actual and versus benchmarks at least six-monthly.
  - Fund Managers' performance and highlight any concerns with performance or opportunities.
  - Any rebalancing requirements.

- Make the Foundation aware of any relevant investment ideas and products that may be of interest.
- Attend meetings of the Foundation, as required.
- Provide general investment advice as needed.
- Provide education and training to the Trustees as needed.

The investment consultant must not have any involvement with any investment proposal being considered by the Foundation and must disclose all actual or perceived conflicts of interest. The investment consultant can only be appointed and /or terminated by resolution of the Trustees.

### **5.3. Investment Managers**

External investment managers may be appointed to undertake the day-to-day management of the investments where appropriate. Where investment managers are appointed, the investment consultant will support the Foundation to ensure that performance evaluation, reporting and investment guidelines and requirements are appropriate for the manager and asset class.

The Foundation will delegate full discretion to the investment manager to exercise all voting rights. However, the Trustees expect the investment managers to exercise these voting rights in the best interest of the Foundation.

### **5.4. Foundation Administration**

The Foundation uses financial management software to manage its finances, and roles are determined by internal policies and processes to ensure separation of duties and manage risk appropriately. The administrative roles of the Foundation are identified below.

- Preparation of an annual budget (CEO)
- Identifying and recommending to the Trustees expenditure decisions (CEO)
- Implementing the Trustees expenditure decisions in line with the annual budget (CEO)
- Monitoring the impact of expenditure and reporting to Trustees (CEO)
- Preparing reports to the Trustees on Foundation activity (CEO)
- Communicating investment decisions made by the Trustees to the Investment Consultant, Investment Manager, and any other parties as and when required. (CEO and Chair)
- Preparing and reporting on the quarterly balance sheet (Accountant)
- Preparing or arranging production of annual financial statements (Accountant)

## 6. Responsible Investing

The Foundation strongly believes that the investment portfolio should demonstrate exceptional ESG credentials. Investments will be evaluated based on their environmental impact, social responsibility, and governance practices.

All investment decisions will adhere to rigorous ESG criteria. The Trustees will seek advice from the investment consultant on whether investment managers are integrating ESG criteria appropriately:

Investments and investment managers should

Include	Avoid	Exclude	Seek	Encourage
Environmental conservation	Illegal activities in NZ and internationally	Controversial and nuclear weapons	Deliver societal solutions in areas aligned with the Foundations themes	Good corporate governance
Renewable energy	Companies whose products cause harm such as nuclear energy	Tobacco		Fair labour management
Clean technology		Human Rights violations		Diversity
Efficient use of natural resources				

## 7. Impact Investing

The Foundation's primary impact is achieved through the Foundation's donations or contributions to projects in its chosen areas for a positive social and / or environmental outcome.

Impact investing is one of several approaches to responsible investing. The Foundation defines impact investing as "investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return" (Definition sourced from Global Impact Investment Network).

The Trustees place significant weight on impact investing and apply a holistic approach that considers the impact that can be derived from all types of investments, provided the expected return, risk and liquidity remain appropriate for the Trust Fund.

The Foundation aims to invest with an effort to derive impact from all asset classes.

### 7.1. Venture Philanthropy

Venture philanthropy includes impact investments (typically venture capital) that are made to achieve a philanthropic goal. The Foundation invests in philanthropic ventures when the impact is deemed by the Trustees to align with the Foundation's strategic focus areas.



## 8. Strategic Asset Allocation

Strategic asset allocation policy is derived from an impact-based framework, which groups impact investment strategies by their respective asset class. The current investment strategy targets the following strategic asset allocation:

	Strategic Allocation	Allowable range
Cash	15%	+/- 15%
Finance impact		
(Global fixed interest)	65%	+/- 20%
<b>Defensive assets</b>	80%	+/- 5%
Align impact		
(Global equities)	10%	+/- 5%
Grow impact		
(Unlisted equities)	10%	+/- 10%
<b>Growth Assets</b>	20%	+/- 5%

It is envisaged the asset classes will vary over time due to market movements, liquidity or at the discretion of the Trustees. The portfolio may be underweight/overweight an asset class from time to time, hence the allowable range.

### Rebalancing policy

The Trustees recognise that quarterly rebalancing of the Trust Fund may be necessary to keep allocations from shifting too far from the targets. The Investment Consultant will be responsible for providing rebalancing advice to the Trustees and preparing the implementation of any decisions.

As the size of the Trust Fund declines, the ability to keep the portfolio within the allowable ranges will become increasingly challenging (given some assets cannot be readily sold). The allowable ranges reflect the anticipation of these challenges.

### Currency hedging

The strategic position is to hedge 100% of the offshore fixed interest investments. Global equities are not hedged due to the relative weight in the portfolio and the lack of availability of New Zealand dollar hedged impact investment products in this asset class.

However, the actual currency position may deviate from the strategic position as a result of active decisions within the underlying investments.

## 9. Investment Policies

- Any departures from the asset allocation require a unanimous decision by the Trustees.
- Grants or investments approved but not paid will be held separately in cash or fixed interest until paid (as appropriate).
- Prior to the appointment of an investment manager, due diligence should be undertaken on the appropriateness of their capabilities and strategy.
- The Foundation should not hold more than 5% of the equity of one company (unless there is a strategic advantage consistent with the purpose of the Foundation).
- Any direct holdings of equity in a company must not equate to greater than 5% of the market value of the foundation's assets (unless there is a strategic advantage consistent with the purpose of the Foundation)
- The direct use of derivatives is not permitted in the investment portfolio. The underlying investment funds may use derivatives in their strategy, however.
- The Foundation will ensure that all investments offer liquidity suitable to achieve the investment objectives. The ability to invest in new illiquid investments will decline over time.
- Fixed interest holdings should predominately have an investment grade rating or otherwise be deemed investment grade (unless there is a strategic advantage consistent with the purpose of the Foundation).

## 10. Risk Management

The Trustees have identified that the primary risk of the Foundation is that it fails to meet its spending and investment objectives. To mitigate this risk, the Trustees strategy is to:

1. Use an impact-based framework which selects asset classes and investments for the role they play in the total portfolio. The framework is believed to provide greater flexibility and agility in investment decision making as the Foundation works toward meeting its risk, return and impact objectives.
2. Engage appropriate expertise to provide strategic investment advice, implement decisions, and report to Trustees on the performance of investments and investment managers.
3. Only use investment products and providers that have appointed a reputable custodian to hold and safeguard the underlying assets. The custodian should not be a subsidiary or affiliate of an appointed investment provider. This policy may not apply to unlisted assets, however.
4. Undertake an immediate review of any external party that is found or perceived to be involved in any fraud, insider trading or material security breach.
5. Regularly review progress in meeting spending objectives.
6. Periodically review the spending and investment beliefs and objectives for ongoing relevance and appropriateness.

# 11. Performance Monitoring & Review

The performance of the investment portfolio should be monitored and evaluated at least every 6 months. Performance measurement should include:

- a. The return, net of fees and variation versus the following index benchmarks for each asset class.
- b. Comparing the portfolio's overall performance to the objectives identified in section 4: Statement of Objectives.

Quarterly reporting by exception only in adherence the Foundation's no-surprises policy. For example, Trustees to be made aware if a major market movement impacts the portfolio positively or negatively.

## Benchmarks

	Benchmark
Cash	S&P/NZX 90-day NZ Bank Bill Index
Global fixed interest - Aggregate	Bloomberg Global Aggregate Index NZD hedged
Global fixed interest – Sovereign	ICE Sovereign and Government Related Green Bond Custom Index NZD hedged
Global equities	MSCI World Index
Unlisted equities	MSCI World Index Philanthropic Ventures have no return benchmark

These benchmarks can be varied from time to time by unanimous decision by the Trustees.

The Trustees recognise that there are periods when objectives may not be attained, and that during certain periods, certain strategies may result in significant under or out performance relative to overall market performance.

A detailed review of the SSIPO is to be completed every three years.

Policy Approval Date

February 2025

Document History

Initial Approval	December 2020
Revision of Asset Allocation	August 2021
SSIPO review	April 2024
New asset allocation	February 2025

