

THE CAPITAL ENDOWMENT FUND

4. An appropriate level of diversification across securities, sectors, asset classes and countries must be maintained.
 5. The portfolio will accept risks in a prudent manner and investment risk will be minimised for the expected level of return.
 6. The capital of the portfolio will be preserved on a quarterly basis by adjusting for changes in the Statistics New Zealand All Groups CPI.
 7. An investment fluctuation reserve must be maintained to finance budgeted distributions from the fund.
 8. Liquidity must be considered and maintained at an appropriate level.
 9. The investment structure must be able to accommodate changes in the fund's requirements and the investment environment.
 10. All aspects of the investment process and functions will be reviewed regularly. In particular:
 - The performance of investment managers will be monitored against benchmarks at least monthly, and against the performance of other investment managers at least quarterly.
 - Investment managers will be monitored on an ongoing basis with respect to their organisational structure, investment processes and personnel.
 - Investment policies and objectives, asset allocation strategy and overall investment management structure will be reviewed at least once every three years.
- The Council has resolved that a target of up to 10% of the Fund should be invested in South Island owned or based companies consistent with prudent investment practice. The Director of Finance has been requested to report on the form and procedure for this part of the investment fund.

Capital Endowment Fund - Funding Allocations

	2001/02	2002/03	2003/04
	\$	\$	\$
Estimated Total Available Income From Fund	2,312,500	3,706,250	3,782,375
Not to be allocated until later years (25%)		(926,563)	(945,594)
Available for allocation	2,312,500	2,779,688	2,836,781
Amounts Allocated			
<i>Economic Development (70%)</i>			
Central City Initiatives			
- Central City New Business Initiatives	100,000		
- Central City Project Team	100,000	100,000	
Christchurch Development Corporation (CDC)			
- Central Plains Water Enhancement - Feasibility Studies	295,000		
- Central City Attraction Strategy	100,000		
- Economic Development Projects (subject to an evaluation process being developed)	850,000		
Christchurch & Canterbury Marketing (CCM)			
- Domestic Marketing Campaign	175,000	175,000	
<i>Civic and Community (30%)</i>			
Community Relations			
- Community Projects (unspecified)	242,500	100,500	100,500
Central City Initiatives			
- Special Character Area Precinct Upgrade	200,000	200,000	200,000
Corporate Expenses/Other			
- Museum - Building & Development Project Grant	250,000	532,500	532,500
Remaining balance to be allocated	0	1,671,688	2,003,781