Investment Beliefs - September 2020

Investment Beliefs set the direction for the formation of investment policy and provide a foundation to guide all investment-related decision making. It is universally accepted that a set of well-founded investment beliefs provides a sound platform for investment success.

Following discussion at the Trustee meeting in September 2020, the following set of Investment Beliefs was confirmed.

Rotorua Trust Investment Beliefs:

1. Effective governance and well-defined decision-making structures enable sound investment decision making.
2. Diversification improves the risk vs return trade-off. This applies to asset and securities selection and to the use of multiple managers.
3. Strategic asset allocation is the key investment decision for portfolio risk and returns.
4. Environmental, Social, Governance (ESG) considerations, including climate change and cultural factors, are fundamental to long-term risk and return.
5. Markets are highly competitive but not always perfectly efficient. Active managers can add excess return over benchmarks. In some markets/asset classes, a passive approach must be considered as a potential alternative.
6. In some instances, short-term liquidity can be sacrificed to pursue greater long-term returns.
7. Staying invested in markets in line with the investment strategy, even during times of financial turmoil, gives the Trust the best opportunity to achieve its long-term goals.
8. We support impact investing as a means of delivering positive social change within the Rotorua community at a scale that can’t be sustained by granting alone. Impact investing, particularly as part of a collaboration, finds a balance of social outcomes and financial returns.