VIET NAM VETERANS AND THEIR FAMILIES TRUST

INVESTMENT POLICY AND OBJECTIVES

Adopted by the Trustees on 18 February 2008

Introduction

This Statement of Investment Policy and Objectives (the "SIPO") prepared by the Trustees (The "Trustees") of the Viet Nam Veterans and their Families Trust (the Trust) sets out the objectives, policies and beliefs governing decisions about investments in relation to that Trust's assets.

This SIPO takes account of the requirements of:

- The Trust Deed constituting the Trust;
- The Trustee Act 1956;
- The Charitable Trusts Act 1957; and
- The Charities Act 2006

The Trustees intend to review this SIPO annually, or more frequently if there is a significant change in the Trust's circumstances

Nature of the Trust

The Viet Nam Veterans and their Families Trust was formed on 16 August 2007 through the creation of a Trust Deed in compliance with The Charitable Trusts Act 1957, and under the terms of a Memorandum of Understanding between The Ex-Viet Nam Services Association, The Royal New Zealand Returned and Services Association and Her Majesty The Queen in right of New Zealand Acting Through The Minister of Defence and the Minister of Veterans' Affairs, with $7 million, and that the settlement is due for repayment 30 years from the date of the Trust Deed.

The Trust is a charitable trust for purposes within or outside New Zealand being the relief from poverty or hardship of Veterans and their Families and other matters beneficial to the community of Veterans and their Families. The Settlor has directed that the Trust Fund must be applied and used exclusively by the Trustees for the objects as the Trustees from time to time decide upon in their absolute discretion.

Investment Objectives

The Trustees will adopt a policy of investing the assets of the Trust across a range of investments designed to achieve the following objectives:

- Maintain equity between present and future generations in terms of the amounts available for distribution on an annual basis.
- Maximise the total amount of income that can be provided by the investments of the Trust over the long term subject to a prudent level of portfolio risk

Investment Policies

The Trustees have adopted a number of specific investment policies designed to assist in meeting the investment objectives identified in above

- Trustee responsibilities under the Trust's Trust Deed and under common law and statute (including the Charitable Trusts Act 1957 and the Trustee Act 1956) must be met. The following policies will be interpreted and applied subject to this policy.
- An appropriate level of portfolio risk will be determined and accepted by the Trustees in consultation with professional advisors
- The portfolio will accept risks in a prudent manner and investment risk will be minimised for the expected level of return.
- Consistent with the stated objectives, the Trustees will demonstrate a preference for investment choices that provide an income flow from the portfolio to allow for stability of grants.
- The capital of the Trust shall not be used for grants.
- Liquidity must be considered and maintained at an appropriate level
- The investment structure must be able to accommodate changes in the Trust's requirements and the investment environment.
- The portfolio and investment managers will be monitored on an ongoing basis.
- All aspects of the investment process and functions must be reviewed three to five yearly.

Risk

The Trustees regard 'risk' as the likelihood that the Trust fails to achieve the investment objectives set out above. To mitigate this risk, the Trustees have adopted a strategic asset allocation strategy

Asset Allocation Strategy

The Trustees regard the choice of asset allocation policy as the decision which has the most influence on the likelihood that it will achieve its investment objectives. The Trustees have retained responsibility for this decision which is made on the advice of the Trust's investment consultants who have carried out an asset-allocation study to assess the likelihood of the Trustees' objectives being met.

The strategic asset allocation shown in Table 1 was agreed by the Trustees in February 2008 following the determination of the Investment Strategy.

Table 1 - Strategic Asset Allocation

Sector	Strategy	Rebalancing Ranges
NZ Fixed Interest	90%	80 – 100%
Cash	10%	0 – 20%

It is the Trustees' policy to review the above asset allocation policy annually. If, in the opinion of Trustees, there is a significant change in the capital markets or the circumstances of the Trust, an earlier review will be conducted accordingly. The next investment strategy review is planned in 2009.

Authorised Investments

All investments are to be made within the percentage ranges specified in Table 1. No more than 30% of total investments are to be in any one financial instrument.

Authorised Banking Institutions

Banking institutions with which call or term deposits may be held are Bank of New Zealand, Westpac Bank, ANZ National Bank, ASB, TSB, Kiwibank or RaboBank. Not more than 50% of funds invested are to be invested on deposit with any one of the named banks.

Date for next review of the SIPO

The Trustees intend to review this SIPO annually, or if there is a significant change in the Trust's circumstances.

Approved by Trustees

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18 February 2008