



APIDTT PTY LTD ATF ASIA PACIFIC INTERNET DEVELOPMENT TRUST

INVESTMENT POLICY STATEMENT

September 2022

This policy governs the investment of funds for the Asia Pacific Internet Development Trust and is subject to review and approval by the Board as needed.

Last Updated: 01/09/22

Board Approved: 27/10/22

Contents

1	Purpose and Protocol	4
1.1	<i>Purpose</i>	4
1.2	<i>Legal form</i>	4
1.3	<i>APIDT's Duties as Trustee</i>	4
1.4	<i>Authority and delegation</i>	5
1.5	<i>Protocol</i>	5
2	Investment Beliefs	6
3	Investment Objectives	6
3.1	<i>Liquidity Fund</i>	7
3.2	<i>Endowment Fund</i>	7
3.3	<i>Project Investments</i>	7
3.4	<i>Investment Currency</i>	7
4	Spending Policy	7
5	Investment Views	8
5.1	<i>Risk Statement</i>	8
5.2	<i>Investment Governance and Fiduciary Standards</i>	9
6	Roles of the Board, Investment Advisory Committee, and Investment Adviser	9
6.1	<i>The Board</i>	9
6.2	<i>The Investment Advisory Committee</i>	9
6.3	<i>The Investment Adviser</i>	9
7	Investment Guidelines	10
7.1	<i>General Asset Classes</i>	10
7.1.1	<i>Investing in Alternatives</i>	10
7.2	<i>Responsible Investment (RI)</i>	10
7.3	<i>Asset Allocation Considerations</i>	11
7.4	<i>Recommended Asset Allocation</i>	12
7.4.1	<i>Recommended Asset Allocation for the Liquidity Fund</i>	12
7.4.2	<i>Recommended Asset Allocation for the Endowment Fund</i>	12
7.5	<i>Performance Monitoring and Reporting</i>	13
7.5.1	<i>Performance against Benchmarks</i>	13
7.5.2	<i>ESG and RI Reporting</i>	14
7.5.3	<i>Alternatives</i>	15
7.5.4	<i>Portfolio performance against objectives</i>	15
7.6	<i>Leverage</i>	15
7.7	<i>Derivatives</i>	16
8	Conflicts of Interest	16

9	Confidentiality	16
10	Definitions	17
11	APPENDIX	18

1 Purpose and Protocol

1.1 Purpose

This Investment Policy Statement (IPS) provides the framework for investing the corpus of the Asia Pacific Internet Development Trust (APIDT).

APIDT was established to support Internet development in the Asia Pacific region, through activities that:

- advance welfare of the general public by improving and increasing availability, affordability, and accessibility of the public Internet;
- relieve the poverty, distress of disadvantage by improving and increasing availability, affordability, and accessibility of the public Internet in the region; and
- advance education of the general public by improving and increasing availability, affordability and accessibility of research and education networks in the region

1.2 Legal form

APIDT is a perpetual charitable trust, established in Australia, governed by its Trust Deed dated 13 January 2020 (Deed of Trust).

APIDT's Trustee is APIDTT Pty Ltd ACN 638 389 072 (Trustee), governed by a Board of Directors (Board).

1.3 APIDT's Duties as Trustee

The Board has common law and statutory obligations which apply to trustees generally, and which may affect its investment decisions. APIDT's Deed of Trust gives the Board broad powers (which are expressed to be in addition to those provided by law) to invest the trust corpus. The *Trusts Act 1973 (Qld)* gives the Board the power to invest the corpus in any form of investment; however, in exercising a power of investment, the act also requires the Board to:

- exercise the care, diligence, and skill a prudent person of business would exercise in managing the affairs of other persons
- comply with the Deed of Trust; and
- at least once in each year, review the performance, individually and as a whole of trust investments

The duties referred to above include:

- a duty to exercise the powers of the Trustee in the best interests of all present and future beneficiaries of APIDT
- a duty to invest trust funds in investments that are not speculative or hazardous; and

- a duty to act impartially towards beneficiaries and between different classes of beneficiaries; and
- a duty to obtain advice

The Board must also, so far as they are appropriate to the circumstances of APIDT, have regard to the following matters:

- the purposes of the trust and the needs and circumstances of the beneficiaries
- the desirability of diversifying trust investments
- the nature of and risk associated with existing trust investments and other trust property
- the need to maintain the real value of the capital or income of the trust
- the risk of capital or income loss or depreciation
- the potential for capital appreciation
- the likely income returns and the timing of income return
- the length of the term of the proposed investment
- the probable duration of the trust
- the liquidity and marketability of the proposed investment during, and at the end of, the term of the proposed investment
- the total value of the trust estate
- the effect of the proposed investment for the tax liability of the trust if any
- the likelihood of inflation affecting the value of the proposed investment or other trust property
- the cost (including commissions, fees, charges, and duties payable) of making the proposed investment
- the results of a review of existing trust investments.

The Board is also restricted from exercising any power or discretion in connection with APIDT in a way which may result in the application of the trust fund, or the income of the trust fund being applied to any purpose that is not exclusively charitable.

1.4 Authority and delegation

The Board has approved this IPS, which outlines the relationship between the Board, the Investment Advisory Committee (**IAC**) and the Investment Adviser; and will review and approve amendments as needed.

1.5 Protocol

This IPS will:

- Establish the roles of the Board, the Investment Advisory Committee, and the Investment Adviser with respect to the investments of APIDT
- Define APIDT's investment objectives and tolerance for risk
- Specify APIDT's investment guidelines, standards for monitoring investment performance and reporting requirements.

2 Investment Beliefs

This IPS is governed by investment beliefs which guide APIDT's investment activities:

- **Governance Framework:** Clear, strong governance and decision-making processes are critical to APIDT's success
- **Risk:** Risk is multi-faceted and includes liquidity risk. Robust risk management, including investment diversification, is critical to achieving investment objectives.
- **Asset Allocation:** The risk/return profile of the portfolio determines the investment strategy. Asset allocation and rebalancing are key investment decisions.
- **Investment Time Horizon:** APIDT's long investment time horizon allows it to tolerate short-term market fluctuations and make investment decisions which will pay off over the long term.
- **Endowment Focus:** This IPS recognises that some risk must be assumed to achieve long-term investment objectives. The corpus of the portfolio will remain in perpetuity; therefore a higher proportion of risk assets will be acceptable to achieve higher long-term returns.
- **Illiquidity Premium:** This IPS recognises that there is benefit in the "illiquidity premium" of liquid alternative investments, such as private equity. APIDT's long investment time horizon supports a tolerance for these less-liquid assets within the portfolio.
- **Active Management:** Market inefficiencies create opportunities for active management to add value to the portfolio over the long term. This includes balancing liquid and less-liquid investments within the portfolio.
- **Responsible Investment:** Environmental, Social and Governance considerations are fundamental to APIDT, and its stakeholders; and will be taken into consideration in all investment decisions.

3 Investment Objectives

APIDT's externally managed financial investments are to be invested in one of the two funds (**Funds**) described below:

- **Liquidity Fund** comprises funds available for annual grants and larger projects as approved by the Board on an ad hoc basis.
- **Endowment Fund** comprises funds to be invested in a balanced portfolio which generates income and capital growth over the longer term.

Under this IPS, these Funds are to be managed in two discrete investment portfolios, having appropriate liabilities, tolerance for capital loss, liquidity requirements and investment time horizons.

The Liquidity Fund will hold sufficient funds to meet APIDT's anticipated short term requirements. Should the Liquidity Fund fall below its target, funds from the Endowment Fund will be realised over a reasonable timeframe to replenish the Liquidity Fund to the target level.

The underlying objectives of the two discrete investment pools are:

3.1 Liquidity Fund

- Currency: US Dollar
- Target Return: CPI+1% Net
- Risk Tolerance: Moderate (on a scale of Low, Moderate, Medium, Enhanced and High)
- Permissible asset classes include all asset classes defined in point 8.1
- Target risk metrics set out in the Appendix to this Investment Policy

3.2 Endowment Fund

- Currency: US Dollar
- Target Return: Over a rolling seven-year period, achieve a return of long term CPI plus 3.0% Net
- Risk Tolerance: Medium (on scale of Low, Moderate, Medium, Enhanced and High)
- Permissible asset classes include all asset classes defined in point 8.1
- Target risk metrics set out in the Appendix to this Investment Policy

3.3 Project Investments

From time to time, due to its positioning and interests, APIDT will have access to direct investment opportunities related to Internet infrastructure. These Project Investments will sit outside of the Funds described above and will be decided in the context of the overall diversification of the fund and its continuing ability to support APIDT's objectives. Where it is deemed necessary, appropriately credentialed expertise will be sought, to support these decisions.

3.4 Investment Currency

Given APIDT's base currency is USD, investments denominated in USD can offer advantages in terms of an improved match with return benchmarks, reduced liquidity risks and reduced currency management risks and costs. This IPS therefore assumes a preference for USD denominated investments where they meet its return and risk criteria.

Where individual investments in the Funds are denominated in non-US Dollar, these may be hedged or unhedged against currency movements.

4 Spending Policy

APIDT's spending policy will ensure that financial assets maintain their purchasing power over time and extend into perpetuity. **Annual spending should generally not exceed 5% of the ending market value of the corpus at June 30 of the previous year until the fund has been in place for more than 3**

years where the 5% will be calculated based on the average ending market value at June 30 for the 3 years prior.

This spending policy does not apply to Project Investments as described above. For these projects, assets from the portfolio should be matched with the expected liabilities, with consideration given to matching the currency required for the expected liabilities.

APIDT's anticipated spending from each of the Funds will require regular review. Spending requirements should be communicated to the Investment Adviser to allow proper investment management in terms of availability of funds and rebalancing the portfolio (if necessary).

This IPS assumes a **total return** investment approach. Spending needs are first met by income generated, and the remainder by liquidation of portfolio assets if necessary.

5 Investment Views

5.1 Risk Statement

APIDT's investment profile is the trade-off between risk and reward within its portfolio. The risk profile is to be set at an appropriate level to ensure that APIDT remains invested through market cycles. From the risk profile, flows the Strategic Asset Allocation (SAA) of the portfolio.

The SAA will ensure that the portfolio is appropriately diversified across asset classes and regions to ensure capital risks are managed while supporting future growth of the overall portfolio.

In addition to capital risk, a key consideration of the SAA is liquidity risk. The SAA will ensure the availability at all times of the required capital to meet APIDT's ongoing cash flow requirements.

The investment time horizon and required cashflows of the portfolio allow for long term alternative investments as part of the SAA, which may be difficult and/or costly to sell out of within a short period of time.

The SAA will be based on a detailed capital market assessment conducted annually by the Investment Adviser. In this IPS, particular attention is paid to the following metrics within the portfolio:

- a) Expected standard deviation
- b) Worst historical loss
- c) Sharpe Ratio of the portfolio
- d) Conditional Value at Risk
- e) Value at Risk
- f) How frequently a negative annual return historically has been incurred in the portfolio
- g) What percentage of the portfolio may be liquidated within one month if necessary?

Specific tolerances for each of these metrics are set out in the Appendix to this IPS and will be updated by the Investment Adviser on an ongoing basis in accordance with its capital market assessment, for discussion with the Board on an annual basis.

5.2 Investment Governance and Fiduciary Standards

The Board will meet with the Investment Adviser on an agreed frequency, with at least two scheduled meetings in any given year. The Board will appoint a nominee to maintain contact with the Investment Adviser between scheduled meetings.

Responsibility for the investment funds lies with the Board and the Investment Adviser and these parties are expected to operate to the highest standards of professional and fiduciary conduct.

6 Roles of the Board, Investment Advisory Committee, and Investment Adviser

6.1 The Board

The Board has the ultimate responsibility to ensure that the investment assets are managed efficiently and effectively, and specifically to:

- Develop and approve the investment objectives for the Funds
- Administer the investments of APIDT
- Review the Investment Policy Statement as needed, if the circumstances of any of the Funds significantly change
- Appoint members of the Investment Advisory Committee
- Appoint an external Investment Adviser
- Regularly review APIDT's investment portfolios and meet with the external Investment Adviser
- Exercise all due skill and diligence in adhering to the Investment Policy and ensure that the Investment Adviser adheres to the Investment Policy

6.2 The Investment Advisory Committee

The IAC has been appointed by the Board to:

- Provide independent, strategic, external advice to the Board on the overall investment strategy and investment risk management for APIDT; and
- Assist the Board to oversee the investment activities of APIDT

The composition, roles and responsibilities of the IAC have been set out in the IAC Charter which has separately been adopted by the Board. The roles and responsibilities of the IAC set out in the Investment Policy Statement should be considered in conjunction with the requirements of that IAC Charter.

6.3 The Investment Adviser

The Investment Adviser is to satisfy the Investment Objectives outlined in Section 2 while complying with all investment guidelines, and will be required to:

- Hold an appropriate Australian Financial Services License
- Provide quarterly investment performance reviews or as considered appropriate by the Board

- Have a disciplined process on asset class, sector and stock allocations that are consistent with this Investment Policy Statement
- Have an ongoing portfolio rebalancing process in place as well as the ability to enhance returns through consideration of tax status where appropriate
- Have the appropriate resources and skills to access alternative asset markets to ensure portfolios are well diversified where appropriate
- Have the ability to tailor to taxation, DGR status and SRI requirements
- Execute an un-conflicted business model and fee structure which demonstrates alignment with APIDT's objectives

7 Investment Guidelines

7.1 General Asset Classes

Permitted asset classes are:

- Cash and cash equivalents
- Government, corporate bonds, and other global interest rate securities
- Equities
- International property investments (both listed and unlisted)
- Alternative investments including, but not limited to, precious metals, hedge funds, private equity, private debt, and commodities

7.1.1 Investing in Alternatives

Where less liquid alternative investments are recommended by the Investment Adviser, where the proposed commitment is for greater than US\$5m or the redemption liquidity terms are longer than quarterly, such as Private Equity Funds, Hedge Funds, Private Real Estate Funds or Private Credit Funds, details of each proposed investment, including, but not limited to, the liquidity terms, fee structure, and investment rationale for the recommendation, must be provided to the Board by the Investment Adviser. The Board, in conjunction with advice from the IAC, must approve each individual alternative investment above these thresholds before it can form part of the portfolios.

Given the unique investment and liquidity characteristics of these investments, where it feels that it is necessary, the Board may also seek independent advice as part of its due diligence process before committing to these investments.

7.2 Responsible Investment (RI)

One of the governing principles of this IPS is that Environmental, Social and Governance considerations are fundamental to APIDT, and its stakeholders. Taking these into consideration across the investment portfolio is critical to APIDT.

Accordingly, this IPS requires that investments be managed with recognition of the importance of high standards of both ESG (Environment, Social, Governance) and Responsible Investing, with a dual objective of maximising returns and contributing to positive societal outcomes.

Where possible, and consistent with the investment preferences set out in this IPS, the portfolios should be deployed into strategies that apply:

- **ESG integration:** integration of ESG factors into the investment process in a systematic way
- **Exclusions/negative screening:** avoidance of companies with poor ESG performance and those in controversial sectors, such as those set out below
- **Impact investments:** Investment for impact, primarily in private markets and fulfilling the key requirements of intentionality, measurability, and additionality.

All direct equity holdings will be assessed against MSCI ESG Research criteria, to exclude of companies not meeting minimal ESG standards or involved in controversial businesses, as defined by MSCI ESG Research. The list of excluded stocks will be reviewed every 12 months, with additions and deletions at the discretion of the Board on advice from the Investment Adviser.

The areas for specific exclusion from direct investment are:

- $\geq 5\%$ of revenue from:
 - Alcohol
 - Tobacco Manufacturing
 - Gambling
 - Adult Entertainment
 - Conventional weapons
 - Firearms; and
- $>0\%$ of revenue from:
 - Controversial weapons

7.3 Asset Allocation Considerations

The asset allocation of APIDT describes the level of an investment portfolio's exposure to each of the major asset classes.

The Investment Adviser will recommend a Benchmark Asset Allocation for the Liquidity Fund and the Endowment Fund that is constrained and determined by a disciplined investment process. It may be based on an optimisation process that is founded on forecasts of individual asset class and currency volatility, correlation and returns. Due to dynamic movements in financial markets, assumptions used to develop the benchmark asset allocation and any strategic asset allocation variance will be continually reviewed by the Investment Adviser to ensure that it remains appropriate to APIDT's needs, and reflects current assumptions for capital market returns, volatilities, and correlations.

The below factors are to be considered when determining the strategic asset allocation for APIDT's portfolio:

- The potential impact of inflation, requiring an exposure to growth assets where appropriate, to ensure the real value of the assets is not eroded
- The use of both strategic and tactical bands within which the portfolio can be adjusted to accommodate changing circumstances

7.4 Recommended Asset Allocation

7.4.1 Recommended Asset Allocation for the Liquidity Fund

The Board acknowledges that there is a spectrum of tolerance for risk ranging from most conservative (Number 0 in the table below) through to most aggressive (Number 5 in the table below). This spectrum is as follows:

Risk Spectrum	Risk Tolerance	Investment profile
0	None	Cash
1	Low	Fixed Income
2	Moderate	Yield Oriented
3	Medium	Balanced
4	Enhanced	Growth Oriented
5	High	Equities

The risk, liquidity, and return requirements of this Fund require defensive and highly liquid asset allocations. Therefore, the portfolio is to be managed within the following framework:

- Risk Profile: Moderate
- Permissible investment profiles: Cash, Fixed Income or Yield Oriented
- Current Investment Profile: Yield Oriented. The Yield Oriented benchmark is set out below.

Profile: Yield Oriented

Asset Class	Benchmark Allocation %	Minimum Allocation %	Maximum Allocation %
Cash	5.0	0.0	55.0
Fixed Income	65.0	25.0	80.0
Equities	30.0	10.0	35.0
Total	100		

7.4.2 Recommended Asset Allocation for the Endowment Fund

The risk, liquidity and return requirements of this Fund tolerate a “higher risk” Benchmark Asset allocation:

Profile: Balanced

Asset Class	Benchmark Allocation	Minimum Allocation	Maximum Allocation
Cash	3.0	0.0	20.0
Fixed Income	25.5	15.0	45.0
Equities	28.5	15.0	45.0
Alternatives	43.0	0.0	50.0
Total	100		

It is anticipated that the exposure to Alternatives will start low and increase over time to reach the Benchmark Allocation. The Board will make investments as appropriate in response to available opportunities and prevailing market conditions on the advice of the Investment Adviser.

Changes to the benchmark percentage allocations in the table above can be made by the Investment Adviser, from time to time as a result of its annual review of strategic asset allocations, which forms part of its capital markets assumption process. However, the respective Yield Oriented and Balanced Risk Profiles of the Funds must remain after any changes are made and the portfolios must continue to be managed in line with the investment objectives outlined in this document. These changes will be communicated to the Board.

Note: Investment manager guidelines include concentration limits such that no single investment may exceed 10% of the portfolio and no collective investment may exceed 20% of the portfolio with the exception of diversified passive exposure which may be bought up to 30%.

7.5 Performance Monitoring and Reporting

The performance of the two Funds will be monitored on a regular basis and reported on a timeframe agreed between the Board and Investment Adviser.

7.5.1 Performance against Benchmarks

The performance of the two Funds will be monitored on a regular basis. Monthly reporting will be provided, and the Investment Adviser will attend Board and Investment Advisory Committee meetings on an agreed timeframe to provide updates. These updates will include a summary of the current investment strategies, economic conditions and market outlook, and income and capital movements relative to long-term portfolio expectations. On a periodic basis, these updates will also include information on the overall fees being paid to the Investment Adviser and to any collective investment vehicles within the two underlying Funds. The Board and Investment Advisory Committee will use this information to oversee and review the performance of the investments and the Investment Adviser.

The initial composition of the weighted Yield Oriented and Balanced benchmarks are set out below. *Changes to the benchmark allocations in the table below can be made by the Investment Adviser, from time to time as a result of its annual review of strategic asset allocations, which forms part of its capital markets assumption process. These changes will be communicated to the Board. The respective Yield Oriented and Balanced Risk Profiles of the Funds must remain after any changes are*

made and the portfolios must continue to be managed in line with the investment objectives outlined in this document.

			Sustainable Yield Oriented	Sustainable Balanced
			SAA	SAA
Asset Class	Index	Currency		
Cash USD	JP Morgan Cash Index USD 1 month	USD	5.00%	5.00%
Bonds USD (Govt + Corp)	Credit Suisse USD Customized Bond Index	USD	37.00%	26.00%
Bonds Global Inflation Linked (hedged USD)	Bloomberg Barclays World Govt Inflation Linked 1-10Y Bonds (Hedged to USD) TR Index	USD	3.00%	2.00%
Bonds Global High Yield (hedged USD)	Bloomberg Barclays Global High Yield Corporate (Hedged to USD) TR Index	USD	3.00%	2.50%
Bonds Emerging Markets Hard Currency (hedged USD)	J.P. Morgan EMBI Emerging Markets Global Diversified HC Composite (USD) TR Index	USD	4.00%	2.25%
Bonds Emerging Markets Corporate (hedged USD)	J.P. Morgan Corporate EMBI Broad Diversified (Hedged to USD) Level Index	USD	4.00%	2.25%
Green Bonds (hedged USD)	Bloomberg MSCI Global Green Bond 1-10 year (hedged into USD)	USD	14.00%	10.00%
Equities Switzerland	MSCI Switzerland (CHF) NR Index	CHF	1.00%	1.50%
Equities EMU	MSCI EMU (EUR) NR Index	EUR	3.00%	4.50%
Equities USA	MSCI USA (USD) NR Index	USD	14.50%	24.50%
Equities UK	MSCI UK (GBP) NR Index	GBP	1.50%	2.50%
Equities Japan	MSCI Japan (JPY) NR Index	JPY	1.50%	2.50%
Equities Emerging Markets	MSCI Emerging Markets (USD) NR Index	DWG	4.00%	7.00%
Equities Thematic	MSCI ACWI ESG Leaders Index NR (USD)	DWG	4.50%	7.50%

In addition to the benchmarks set out in the table above, for the less liquid alternative investments in the portfolio, the initial benchmarks will be:

Asset Class	Index	Currency
Hedge Funds	Hedge Fund Global Index (Bloomberg ticker HFRXGL)	USD
Private Equity	MSCI ACWI Net Total Return USD Index (Bloomberg ticker NDUEACWF)+ 3%	USD

7.5.2 ESG and RI Reporting

Given the importance that the Board places on ESG and RI considerations, it will seek robust measurement and reporting of the ESG integration and impact within the portfolio. The Investment Adviser will report to the Board on an ongoing basis, based on recognised frameworks and indicators, of how the portfolio meets these considerations.

This reporting should include qualitative, and ideally quantitative, factors too, such as genuine additionality of capital for the impact investments in private markets or active ownership across the asset classes, plus where possible:

1. Screening regarding involvement in controversial business activities;
2. Mapping the portfolio against the United Nations Sustainable Development Goals;

3. Separate Environmental, Social and Governance analysis; and
4. An analysis of the carbon footprint and transition risks within the portfolio

For collective investment vehicles, such as exchange traded funds, actively managed funds and illiquid alternative investments such as private equity, the Investment Adviser, will evaluate the ESG and RI integration process undertaken by the respective managers. How the respective managers score on this evaluation process will be one of the key factors in reviewing these investments. The Investment Adviser will track the ESG and RI policies of these managers, and which managers are signatories to the United Nations Principles of Responsible Investment.

Specifically, the Investment Adviser will also monitor the active ownership activities of these managers, paying attention to:

- What engagements these managers have been doing and what outcomes they have achieved
- Their voting record on environmental and social shareholder proposals; and
- Are they a contributing member of recognised shareholder engagement coalitions?

7.5.3 Alternatives

Alternative investments will be monitored on a qualitative basis during the initial investment period with the understanding that alternative investments can follow a 'j-curve' of initially negative returns followed by strong positive returns. At the end of an initial investment period, specific performance benchmarks will be utilised in accordance with the positioning of the alternative investment portfolio at that time.

7.5.4 Portfolio performance against objectives

The Investment Adviser will attend Board and Investment Advisory Committee meetings on an agreed timeframe and will report on the performance of the portfolios against the objectives. At these meetings, the Investment Adviser will summarise the current investment strategies, economic conditions and market outlook, and income and capital movements relative to long-term portfolio expectations. The Board and Investment Advisory Committee will use this information to oversee and review the performance of the investments and the Investment Adviser.

7.6 Leverage

The Board acknowledges that certain investments within the portfolios may contain internal leverage as part of the specific investment strategies of those underlying fund managers.

No leverage, however, is permitted at the portfolio level.

Where leverage is used by the underlying fund managers, the Investment Adviser will conduct the required due diligence to ensure the policy and practice of the use of this leverage is appropriate given the aims and objectives of APIDT as set out in this IPS.

7.7 Derivatives

Derivatives should not be used directly for the purpose of leverage however they may be used to position and protect the portfolio. Underlying fund managers may use derivatives as part of their investment strategy. The Investment Adviser will conduct the required due diligence to ensure the policy and practice of derivative usage is appropriate given the aims and objectives of APIDT as set out in this IPS.

8 Conflicts of Interest

It is the policy of APIDT that all concerned with APIDT are to endeavour to avoid at all times any conflicts of interest (i.e. legal and financial). In circumstances where conflict does arise, such conflict is to be disclosed to the Board, recorded as reported and managed appropriately.

9 Confidentiality

The Investment Adviser and members of the Investment Advisory Committee should observe a duty of confidentiality in terms of the investments of APIDT and respect the confidentiality of all relevant intellectual property in relation to APIDT's investments.

10 Definitions

In this document:

CPI refers to the price index for the United States Core Personal Consumption Expenditure (PCE) prices, produced by the United States Department of Commerce;

Investment Adviser refers to the external professional investment adviser appointed by the Board to advise on the Strategic Asset Allocation of the financial assets of APIDT and to manage those assets in a prudent manner on a day-to-day basis;

Investment Advisory Committee is a standing advisory committee to the Board;

Investment Policy refers to this document as amended from time to time by the Board;

Risk Profile refers to the trade-off between risk and reward associated within the investment portfolio(s);

Benchmark Asset Allocation refers to the long-term allocation of assets between general asset classes that are deemed to satisfy at any given time the risk/reward profile that is acceptable in the circumstances;

Strategic Asset Allocation means the day-to-day asset allocation (stock selection and timing in the market) within the lower and upper limits of the strategic asset allocation.

11 APPENDIX

The Board has determined that the Funds are be managed in two discrete investment portfolios, corresponding to their liabilities, tolerance for capital loss, liquidity requirements and investment time horizons.

Consistent with the underlying objectives of the two discrete investment pools, the risk metrics of each portfolio which the Board is comfortable with are set out below.

These risk metrics are based on the capital market assumption process conducted annually by the Investment Adviser.

Reference Currency: USD	Liquidity Fund	Endowment Fund
Expected Return (CMA)	3.00%	5.10%
Conditional Value-at-Risk (95% Confidence Level)	9.70%	13.20%
Value-at-Risk (95% Confidence Level)	7.10%	9.70%
Volatility (CMA)	6.30%	9.40%
Sharpe Ratio (CMA)	0.27	0.41
Worst Historical Loss	-19.8%	-28.9%
How frequently a negative annual return historically has been incurred in the SAA	1 in every 7 years	1 in every 7 years
What percentage of the portfolio may be liquidated within one month if necessary	100%	65%