

WHAI RAWA FUND LIMITED

RISK APPETITE



30 November 2020

Whai Rawa NGĀI TAHU

2 Section 1: Overview

1.1 Overview

This document considers the most significant risks to which Whai Rawa Fund Limited (WRFL) is exposed. The majority of WRFL's business activities and member services are conducted through third-party service providers. WRFL's use of third-party service providers and resulting institutional relationships together with its regulatory environment and shareholder/ parent company relationship, influence the nature of the risks WRFL is exposed to and how it manages and seeks to mitigate these risks.

1.2 WRFL Operating Environment - General Statements of Appetite

WRFL is exposed to a variety of risks as a result of its business activities. These risks result from it being the manager of a Trust and its responsibilities in the areas of setting of objectives for the investments of the Trust's assets, appointing fund manager(s) and monitoring their performance, monitoring of investment results, compliance with legislative and regulatory requirements and day to day operational activities. These activities are conducted within the boundaries of WRFL's accountability to its shareholder and to its members.

WRFL has a low tolerance for risks that will adversely affect its business. WRFL employs Te Rūnanga o Ngāi Tahu's risk management policy and framework to actively monitor the potential impact of current and emerging risks. WRFL relies on the integrity and conduct of its kaimahi underpinned by a strong ethical culture.

WRFL accepts that its investments are exposed to market forces including credit and liquidity impacts. Selection of fund managers and monitoring their performance against investment parameters and objectives is used to minimise the impacts of market forces.

Operationally WRFL accepts that it is neither possible nor necessarily desirable to eliminate risks inherent in its activities – acceptance of some residual risks is necessary to achieve efficiencies within the business.

¹The Trust was established by Te Rūnanga o Ngāi Tahu ("TRoNT") in 2006 to build the wealth of Ngāi Tahu Whānui members by encouraging savings and facilitating receipt of distributions from TRoNT.

Section 2: Summary of Risk Appetite by Risk Category

3

Risk Category		Strategic	Business	Operational	Liquidity
Sub-categories	Strategic	Proactive			
	Reputation		Proactive		
	Investment Performance		Cautious		
	Product Risk		Receptive		
	Process and Change			Receptive	
	Third-Party Service Provider			Receptive	
	Fraud			Averse	
	Technology and Information Security			Cautious	
	Conduct and Regulatory			Averse	
	Legal			Cautious	
	Liquidity - WRFL				Cautious
	Liquidity – Disclosure/ Product				Proactive

Risk Appetite Categories and Descriptors





Rating	Averse (Low / Zero)	Cautious	Receptive	Proactive
Summary	Preference for exercising appropriate controls to avoid risk and uncertainty	Preference for very safe options that have a low degree of inherent risk	Preference for considering all options and choosing the one that has some risk but is likely to result in a successful delivery	Eager to be innovative and pursue opportunities based on potentially high benefits despite greater risk ALTERNATIVELY – Proactive can be used to describe a high degree of activity, effort and investment into preventing/ detecting and mitigating against a risk.
Philosophy	Preference for exercising appropriate controls to avoid risk and uncertainty	Preference for very safe options that have a low degree of inherent risk	Preference for considering all options and choosing the one that has some risk but is likely to result in a successful delivery	Eager to be innovative and pursue opportunities based on potentially high benefits despite greater risk. Speed may be a priority.
Choice	Will always take the lowest risk option	Will accept risk only if essential with limited possibility/ impact of failure	Will take risk with outcomes and will manage impact	Will choose options with highest overall return and accept the possibility of failure

