

INVESTMENT BELIEFS AND PRINCIPLES

The Investment Beliefs and Principles document TasBuild's view as to:

- The nature of financial markets;
- TasBuild's involvement in those markets;
- How they provide structure to the investment decision process; and
- What is a successful investment result?

PURPOSE

The beliefs and principles provide the foundation and guidance for investment decision making to establish and maintain an investment portfolio that will achieve TasBuild's investment objectives.

The beliefs and principles provide the basis for the development of the Investment Policy which documents how the beliefs and principles will be implemented.

SCOPE

The Investment Beliefs and Principles apply to the TasBuild Board and Investment Committee Members.

PREAMBLE

- Our primary investment purpose is to achieve an investment return that minimises the reliance on employer contributions to meet the Fund's liabilities.
- The Board determines the investment strategy and objectives, taking into account the contribution and solvency levels.
- Improving environmental, social and governance of the portfolio will improve long term performance,
- Clearly defined rules and beliefs relating to investments will reduce business risk.
- We will consider prudent opportunities to invest in Tasmania.

RESPONSIBILITIES

The Investment Committee will operate in accordance with the "Investment Committee Delegated Responsibilities" as approved by the Board and amended from time to time.

BELIEFS AND PRINCIPLES

Beliefs and Principles	Application
Objectives	
Our objective is to achieve the target rate of return, currently set at AWOTE + 2.0% p.a. after management fees, measured over rolling 5-year periods.	Over the next 10 years, we expect to have at least an 80% chance of meeting the return target. Each year we will evaluate our expectations of meeting this return target.
Achieve a minimum asset to beneficiary liability coverage of 110% with a target to maintain an asset to beneficiary liability coverage of 120%.	The beneficiary liability coverage ratio will be monitored at each Investment Committee meeting and variations of more than +/- 5% will be referred for actuarial investigation and advice. The ratio is the total of investments at latest end of month valuation divided by the

	beneficiary liability updated for the actuary advised monthly provision for expected change.’
Risk is multi-dimensional, with the main investment risk being the probability of not achieving the target rate of return over the long term.	<p>We will have regard to other measures of risk, including the likelihood of a negative annual return</p> <ul style="list-style-type: none"> • The investment strategy should have an expected probability of no more than a 4-years in 20 chance of a negative return. • Other measures of risk include the magnitude of negative annual returns, and returns relative to an agreed comparator, such as a Reference Portfolio.
Governance	
High quality governance of the investment process is critical to our success.	<p>We will have an appropriate balance of responsibilities and accountabilities between the Board, the Investment Committee, the internal investment team and external agents.</p> <p>We will ensure that resources are directed towards those areas with the greatest expected contribution to the achievement of our objectives.</p>
We will only invest in opportunities that we understand and where there is an appropriate alignment of interests between the Fund and the external agents.	We will communicate our belief in this area to our investment advisors and managers so that a suitable level of oversight and influence on investment and asset allocations appropriate for the investment strategy adopted by the Fund.
Speed of execution can be a comparative advantage.	We will ensure that we have the appropriate resources and processes in place to efficiently and timelessly implement our investment decisions.
Investment in accordance with ESG principles will improve investment performance in the long term.	We will review the ESG Policies of our investment advisors and managers to ensure they meet with our objective in this area. Direct investment in assets classes by TasBuild Limited will need to meet our ESG Policy requirements.
Investment Strategy	
Our asset allocation decisions are expected to have the greatest impact on investment outcomes.	We will make asset allocation decisions to exploit a diverse range of risk premium on a systematic basis to generate these rewards.
The profile of the fund beneficiaries and the requirement to fund the beneficiary liability means that investments will be managed on a long term investment horizon basis.	The investment strategy does not have to focus on short term volatility, investment patience can be exercised and a higher illiquid position can be taken with an aim to take positions that are expected to achieve higher returns over the long term.
Investment markets offer long term rewards for placing capital at risk (“risk premium”). The size of risk premium will vary over time, providing opportunities to enhance return and reduce risk by deviating from a neutral position.	<p>We will be prepared to deviate from our neutral allocation to reflect current market pricing and risk levels. We will be more inclined to vary from our neutral allocation to avoid capital loss than to pursue outsized returns.</p> <p>Diversification amongst risk premium, asset classes, investment managers and</p>

	<p>individual securities is expected to enhance the reward earned for each unit of risk taken, but will not provide protection against all economic scenarios.</p> <p>The equity risk premium will be the primary driver of our returns above the risk-free rate, but we will also exploit other risk premium, especially those which are expected to have low correlations with the equity risk premium.</p>
Successful investing requires consideration of both quantitative and qualitative factors.	We will use both quantitative and qualitative analysis when setting investment strategy and managing risk.
A component of the investment portfolio be committed to investment in Tasmanian construction project finance as it benefits the construction industry, construction workers and Tasmania in general.	The Off Platform Portfolio targets 10% of the total investment portfolio to be invested in Tasmania. The construction finance component of the Off Platform Portfolio will managed in accordance with the available construction project opportunities submitted to the committee for consideration.
Liquidity	
There is an expected return premium for investing in illiquid assets.	We will be prepared to invest in illiquid assets, provided this does not unreasonably compromise our ability to meet expected net cash flows in all reasonably likely scenarios.

RESPONSIBILITY

The Investment Committee is responsible for reviewing this document on an annual basis and making recommendations for changes to the Board.

The Board is responsible for approval of this document.

REVIEW OF DOCUMENT

The Investment Committee will review this document on an annual basis and report to the Board as to the findings of the review including any recommendations for amendment.

ASSOCIATED DOCUMENTS

- Investment Committee Charter
- Investment Policy Statement
- Investment Strategy
- Investment Thesis