

Trust Fund Committee Meeting
26 November 2019

Meeting Minutes Summary Outcome

The following members or their alternates were in attendance in Nauru:

Martin Hunt – Chair and Minister for Finance & Sustainable Development, Government of Nauru (GON)

Rhona McPhee, Director, Micronesia Section, Department of Foreign Affairs and Trade, Government of Australia (GOA)

Dean Hai-long Wang - Ambassador to the Republic of Nauru and Alternate for Baushuan Ger, Director General, Department of East Asian and Pacific Affairs, Ministry of Foreign Affairs, Republic of China (Taiwan) (GOC -Taiwan)

Nicci Simmonds – Unit Manager and non-resident High Commissioner to Nauru, Ministry of Foreign Affairs and Trade, New Zealand (GONZ)

Others present:

Russell Kun – Assistant Minister for Finance & Sustainable Development, Government of Nauru (GON)

John Petersen – Financial Advisor to the Minister for Finance, GON

Angela Tierney – Australian High Commissioner, GOA

Shau Ann Lee - Ministry of Foreign Affairs, (GOC - Taiwan)

David Hutton - Review Consultant

Michael Maher - Principal, Mercer

Maree Griffin - Executive Administrator, Financial Management Consulting, BDO (Services) Pty Ltd

Meeting Opening

The meeting was the fourteenth official meeting of the Intergenerational Trust Fund for the People of the Republic of Nauru (the Fund) and opened at 10:05am with a prayer by Minister Kun.

Trust Fund Business

1. Approval of 19 August 2019 Meeting Minutes confirmed.

Decision: The Committee endorsed the minutes.

Action: The Committee will undertake some form of celebration in the New Year after the 2019 Annual Report is presented to their respective Governments.

2. Financial Information

Decision: The Committee endorsed the financial information prepared by BDO.

Decision: The Committee endorsed the cash flow statement prepared by BDO based on the information known to date.

Decision: The Committee endorsed the 2019 Financial Statements and Annual Report for signature.

Action: The Committee to sign the 2019 Financial Statements and Annual Report to enable the signed audit report to be included ready for lodgement with their respective Governments.

Action: Minister Hunt and Minister Kun to provide certified copies of their passports to Ms Griffin for processing.

3. Independent Consultant Report

Decision: The Committee endorsed the information included in Mr Hutton's Monitoring Paper.

Action: Mr Hutton and Mr Maher to look at providing information sessions to the Committee Members.

Action: Mr Maher and Ms Griffin to look at providing a document on the roles and responsibilities of the Committee Members based on the information currently contained in the Investment Policy Statement, Memorandum of Understandings and other requirements. This document can also be provided to new Committee Members going forward.

4. Mercer Investment Information

Decision: The Committee endorsed the information included in the Quarterly report prepared by Mercer.

Action: Ms Griffin is to forward the email with the details of the credit facility to the Committee Members.

Decision: The Committee endorsed the information provided in the Strategic Review prepared by Mercer.

Decision: The Committee agreed the strategic asset allocation is to remain as 85% Growth Assets and 15% Defensive Assets and the investment return objective is to remain at a return of CPI + 4.5% pa after fees.

Decision: The Committee agreed Mercer is to transition the Australian Share allocation to the Mercer Australian Shares Fund.

Action: Mercer to monitor the probability of the portfolio achieving the return objective given it is currently at 55.9% and the preferred threshold is 67%.

Action: Mercer to transition the Australian Share allocation to the Mercer Australian Shares Fund.

Decision: The Committee approved Mercer's proposed Fee Agreement and the Chairman is to sign on behalf of the Committee.

Action: Once the Chairman has signed, Ms Griffin to forward the signed Fee Agreement to Mercer for their signature. Mrs Griffin to forward a fully executed document to the Committee Members.

Decision: The Committee approved Mercer's Delegation Authority and the current bank signatories are to sign.

Action: Ms Griffin to forward the signed Mercer Delegation Authority to Mercer for their signatures. Once all parties have signed, Mrs Griffin to forward a fully executed document to the Committee Members.

5. Additional Committee member

Decision: The Committee decided there was no additional member required.

6. Other business

Ms Simmonds queried what the awareness was of the Fund by the citizens of Nauru. The Chairman advised that the public was very aware of the Fund through information provided by the previous Chairman. There is also information updated on the GON website that the public can access and the Fund is well accepted by the community.

7. Future meetings

Action: Ms Griffin to tentatively pencil in the next Committee meeting on Tuesday 25th February 2020 in Taiwan and will liaise with Ambassador Wang, Mr Petersen and Committee members to confirm the details in due course.

Meeting Closure

The Chair thanked everyone for participating and the meeting closed at 12:40pm with a prayer by Minister Kun.