A black background with a black square

Description automatically generated with medium confidence

**INVESTMENT POLICY**

**September 2024**

# CONTENTS

1. Introduction
2. General Investment Principles
3. Responsibilities for investment activities
4. Responsible investment and engagement
5. Asset allocation & volatility
6. Reporting and oversight
7. Investment Manager(s) Performance Review and Evaluation

## INTRODUCTION

1.1 This investment policy aims to:

1. Establish a clear understanding of the University's general investment principles
2. Define and assign responsibilities for investment activities
3. Clarify the principles that should be followed with regard to responsible investment and engagement
4. Define our policy on asset allocation and tolerance to volatility
5. Establish a basis for reporting and oversight of investment results

# GENERAL INVESTMENT PRINCIPLES

2.1 Investments shall be made solely in the interests of the University.

2.2 Investments shall be made to obtain the best financial return for the University, while being consistent with a responsible and ethical approach to investment.

2.3 The University will employ one or more Investment Manager(s) to attain its investment objectives.

## RESPONSIBILITIES FOR INVESTMENT ACTIVITIES

3.1 The delegation of authority for investment decisions within the University is the Investment Committee.

The committee’s responsibilities are as follows:

* + 1. To determine the allocation of funds for investment, indicating the liquidity requirements attached to the funds.
    2. To determine the strategic orientation, risk profile and allocation policy of funds under its management.
    3. To appoint Investment Manager(s) and receive reports on the performance of investments under their management.
  1. The Investment Manager(s) are designated external entities with discretion to purchase or sell, in the University's name, the specific securities that will be used to meet investment objectives.
  2. The Chief Operating Officer and the Director of Finance and Planning are authorised to implement the decisions of the Investment committee, through liaison with the Investment Manager(s).

## RESPONSIBLE INVESTMENT AND ENGAGEMENT

4.1 The University adopts a responsible approach to investment and will take ethical considerations into account in investment decisions whilst ensuring there is no significant detrimental impact on the investment return.

4.2 Specifically the University will only invest in entities that exhibit best class standards of behaviour and performance in a broad range of environmental, social and governance (ESG) issues, using both positive and negative screening methodologies developed and deployed by its Investment Manager(s). This approach signals the University’s ethical values whilst encouraging entities to adopt high and improving standards of ESG behaviour which the University believe will generate superior long-term financial returns.

4.3 The University will not invest in assets, stock or sectors which conflict with the University’s objectives set out in its Articles of Government.

4.4 The University’s Investment Manager(s) will proactively engage with entities through direct engagement with companies on particular issues, for example via dialogue with company boards, proactively tabling resolutions and voting at AGMs. Investment Manager(s) are also expected to collaborate with other members of the responsible investment community to leverage impact on critical issues.

4.5 The University will publish a separate Responsible Investment Policy and a list of its investments (by sector) on its website, in the interests of transparency. The list of investments will be updated at least once a year.

4.6 Each Investment Manager appointed by the University must acknowledge, in writing, its acceptance of responsibility for investing University funds and agree to comply with the requirements of this policy.

# ASSET ALLOCATION & VOLATILITY

5.1 Asset allocation refers to the balance of investments in a portfolio, for example, the mix of investments in cash versus in fixed term bonds or equities.

5.2 The general policy shall be that the fund shall contain a diversified portfolio of equities, bonds, property and cash, so as to limit the potential exposure to loss of capital.

5.3 The Investment Committee shall periodically review the allocation between asset classes in the light of prevailing market conditions and University preference.

5.4 In order to achieve its objectives, it is understood that investment returns will experience volatility and fluctuations in market value. The University will tolerate volatility as measured against the volatility of a comparable market index in each asset class and a composite index based on the strategic allocation to each asset. The indices used as a measure of an Investment Manager(s)' performance will also be used to benchmark what is allowable volatility (risk).

5.5 The University will seek an annual target return on investments of CPI + 4%.

## REPORTING AND OVERSIGHT

6.1 An Investment Report will be obtained from the Investment Manager(s) and submitted to the Investment Committee at each of its meetings.

6.2 The Investment Report will contain three basic elements:

1. Asset Allocation Information - Asset values and asset class percentages versus target allocation and ranges.
2. Investment Performance - Investment returns versus performance benchmarks.
3. Policy Compliance - A statement that each portfolio conforms to this policy or identification where variances occur.

6.3 The University intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate its agreement with an Investment Manager for any reason including the following:

1. Investment performance that is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organisation.