

THE UNIVERSITY OF KENT

INVESTMENT POLICY

1. Introduction

- 1.1 The purpose of this statement is to outline the broad principles governing the investment policy of the University of Kent.
- 1.2 The Finance and Resources Committee should approve how much cash may be available for long term investment or how much cash is to be raised from the sale of investments based on recommendations from the Director of Finance.
- 1.3 The Finance and Resources Committee and Council should indicate the University's level of appetite for risk from time to time as part of any review of long term strategy.

2. Statement of Strategy

- 2.1 To maximise total return on investments (capital and income) whilst containing risk to an acceptable level and maintaining a suitable profile of investments with regard to the possible need to fund future developments at the University.
- 2.2 To maintain the value of the general and endowment funds, after taking account of inflation (as a minimum) over the long term.
- 2.3 To provide an income stream to the University and to the endowment funds.
- 2.4 The allocation of investments for each of the University's Funds will be determined by the Investments Committee based on advice received from the University's Investment Managers and factors prevailing.
- 2.5 See detailed summary of the University's general and endowment funds attached (Appendix 1).

3. Statement of Socially Responsible Investment (SRI Policy)

- 3.1 The University will not:

(a) invest directly in companies the major part of whose business is pornography, gambling, tobacco, fossil fuels or armaments.

OR

(b) invest in pooled investment funds where there is a significant exposure to companies the major part of whose business is pornography, gambling, tobacco, fossil fuels or armaments.

On a regular basis the investment manager should be tasked to review the level of indirect exposure, at least annually and together with the Investments Committee consider whether the level of underlying exposure is acceptable.

4. Management, Reporting and Monitoring

- 4.1 The policy of the University is to appoint a professional investment management firm to manage the assets on a discretionary basis, in line with this investment policy. The

University's policy is also to nominate a list of authorised signatories, two of which are required to sign instructions to the investment manager.

4.2 The manager will provide the following information on a quarterly basis: valuation of investments, transaction report, cash reconciliation, performance analysis and commentary.

5. **Approval and Review**

This Investment Policy is prepared by the Investments Committee to provide a framework for the management of the University's investments. It is reviewed on an annual basis to ensure continuing appropriateness.

Version date: 2 July 2018

University of Kent
Funds Managed by Cazenove Capital

Fund	Return Requirement	Time Horizon	Objective/Investment Constraint	Risk Tolerance	Invested in	Benchmark
University Fund	Capital and income	Long-term investment	<p>Objective: To maintain the real value of capital over the medium to long term whilst generating a sustainable and reliable distribution level (from income and capital).</p> <p>Investment Constraint: No constraint.</p>	Medium to high risk to capital	Charity Multi-Asset Fund	CPI + 4%
University Fund – RMAF	Capital and income	Medium to long-term investment	<p>Objective: To maintain the real value of capital over the medium to long term whilst generating a sustainable and reliable distribution level (from income and capital).</p> <p>Investment Constraint: RMAF will adhere to an ethical investment policy that restricts investment into common areas of concern for charities and promotes best practice in environmental, social and governance factors within equities.</p>	Medium to high risk to capital	Responsible Multi-Asset Fund	CPI + 4%
Permanent Endowment	Income	Long-term investment	<p>Objective: The objective is to achieve a balance between generating an income and maintaining the real capital value in perpetuity.</p> <p>Investment Constraint: The capital value must be maintained in perpetuity in order to provide an income stream over the long term.</p>	Medium risk to capital	Long term strategy allocation	Composite Benchmark: FTSE All Share 60%, FTA Government All Stocks 30% & 3 Month LIBOR 10%.
Expendable Endowments	Capital and income	Medium to long-term investment	<p>Objective: To maintain the real value of capital over the medium to long term whilst generating a sustainable and reliable distribution level (from income and capital).</p>	Medium to high risk to capital	Charity Multi-Asset Fund/Cash	CPI + 4%

Fund	Return Requirement	Time Horizon	Objective/Investment Constraint	Risk Tolerance	Invested in	Benchmark
			<p>The portfolio adopts a total return approach.</p> <p>Investment Constraint: To provide funding for student finance support and prizes.</p>			
Sutowo Indonesian Biodiversity Management Fund (SIBMF)	Total return	Short-term investment	<p>Objective: To fund the salary costs of a Lecturer and a Business Development Officer.</p> <p>Investment Constraint: The University is to use both the capital and income to subsidise the costs associated with the objectives for the maximum period until the Fund is exhausted.</p>	Low	Diversity Fund	CPI + 2%
The Michael Ramsey Appeal Fund	Income	Long-term investment	<p>Objective: To maximise the contribution to the annual costs of The Michael Ramsey Professor of Modern Theology Chair.</p> <p>Investment Constraint: Investment strategy should take account of the Church of England Church Commissioners' Guidelines. The University can only use the income and cannot spend the capital, as this needs to be repaid to the Church of England if the University decides to discontinue the Chair.</p>	Medium	The CBF Church of England Investment Fund/ The CBF Church of England Fixed Interest Securities Fund	CPI + 4%
Capital Fund	Income	Short-term investment	<p>Objective: To finance planned capital projects up to 5 years.</p> <p>Investment Constraint: Funds held to be available at short notice to fund capital projects.</p>	Low	Cash Management Service	LIBOR