Investment Policy

Category Operational
Version 2
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1. **Purpose**
   1.1. The purpose of this policy is to set responsibilities and guidelines for the effective and future-oriented management of OUSA's investments.
   1.2. This policy does not cover all responsibilities of the named parties, it only covers those that are general and relate to the management of OUSA's investments.
   1.3. The guidelines seek to balance monetary returns with liquidity, risk and OUSA's ethical duties as a student representative.
   1.4. This policy applies to all assets of OUSA.
2. **Investment Management**
   2.1. As per the Delegated Authorities Policy the CEO is ultimately responsible for managing the resources of OUSA including all assets that make up its investments. This is done:
      2.1.1. Obtaining appropriate investment advice; and
      2.1.2. In consultation with the Finance,Expenditure and Strategy Committee (FESC).
   2.2. Investment decisions are subject to the Capital Expenditure Policy requiring any;
      2.2.1. Major capital expenditure, being of greater value than $10,000, obtains Executive approval; and;
      2.2.2. Exceptional capital expenditure, being any purchase materially effecting OUSA's services, obtains Executive approval after consultation with the student body.
3. **Investment Types**
   3.1. OUSA holds and shall seek to hold a variety of investment types managing each in accordance best practices and the relevant procedures in this policy. These types are listed below.
   3.2. Cash or cash equivalents; consisting of term deposits of varying maturities at a single major trading bank,
   3.3. Portfolio investments managed by a broker or fund manager invested in a manner and assets as authorised by OUSA,
   3.4. Property holdings including land and buildings broken down as;
      3.4.1. Land and buildings; OUSA Recreation Centre at 84 Albany St, 5 Ethel Benjamin Place, University Book Shop at 378 Great King St, 157 Frederick St,
      3.4.2. Buildings only; OUSA Aquatic Centre at 56 Magnet St,
      3.4.3. Property held as a Shareholder; University Union (building only, 50% owned via University Union Limited),
   3.5. Businesses;
      3.5.1. University Book Shop (Otago).
4. **Investment Active Objectives**
   4.1. As OUSA primarily supports, advocates, and provides services for a student body and funds its operations from a variety of sources, currently particularly including the University of Otago, it is necessary to ensure:
      4.1.1. A portion of funds are accessible as required,
      4.1.2. Investments seek to protect cash flows, generate income and increase generate reserves,
      4.1.3. Investments avoid conflict with OUSA's primary duties.
   4.2. Cash and portfolio investments shall prioritise:
      4.2.1. Long term growth of capital at an overall rate in excess of inflation

    4.2.2. Liquidity in the form of limited funds in call or short term deposits.
  4.3. Property investments shall prioritise:
    4.3.1. Where property is held primarily for providing services to students, that these services take precedence, returns shall be secondary in nature,
    4.3.2. Where property is not held primarily for the purpose of providing services, that there be a net return, after total expenses including depreciation, in excess of the rate of inflation,
    4.3.3. Where property has a commercial purpose, that it be managed in such a way to promote profitability of associated OUSA enterprises.

5. Ethical Objectives

  5.1. OUSA shall not invest directly in companies primarily involved in the production or distribution of tobacco, or munitions, the exploration and extraction of fossil fuels, or the exploitation or lack of regard for welfare of their workers.
  5.2. Investments directly controlled by OUSA shall be managed with regard to environmental, social, and governance factors.

6. Risk Considerations

  6.1. Investment decisions shall be made considering interest rate risk, liquidity risk, and credit risk.
  6.2. Interest rate shall be maximised within a low to moderate range of risk. This risk is managed by having a range of investments over a variety of institutions with differing maturity rates and return scales.
  6.3. Liquidity risk is minimised by ensuring sufficient investments can be readily liquidated in a secondary market. This shall be managed in reference to cash flow forecasts and foreseeable revenue volatility.
  6.4. Credit risk is managed by placing limits on investments with non-governmental issuers including:
    6.4.1. Limiting deposits to major trading banks considered to be: ASB, ANZ, Bank of New Zealand, Kiwibank, and Westpac;
    6.4.2. Limiting direct investment in SOEs, companies, and businesses to those rated ‘A’ or equivalent by Standard & Poor’s or Moody’s and on the recommendation of appropriate investment advice.

7. Procedure

  7.1. Implementation of the investment policy shall be delegated to the CEO with oversight from FESC and the Executive.
  7.2. Risk should be minimised in line with considerations. High risk investments shall only allowed when deemed an allowable risk by the Executive and direct benefits in line with OUSA’s objectives as per the OUSA constitution.
  7.3. Management of the day to day, call, and term deposit funds is the responsibility of the CEO.
  7.4. Oversight of property holdings is the responsibility of the CEO.
  7.5. Management of designated portfolio funds is to be delegated to a broker or fund manager, any appointment of which shall be conducted by a tender process and in consideration of appropriate advice.
    7.5.1. There shall be an expectation of quarterly reporting to the executive by the broker or fund manager on performance of the investment portfolio.
  7.6. All investment decisions made under this policy shall be included in the CEO’s quarterly report for the quarter in which the decision was made.