INVESTMENT POLICY STATEMENT

Effective Date: Monday, December 19, 2022

Contents

1. INTRODUCTION, PHILOSOPHY AND SCOPE

1.1. Introduction

The UNE Foundation (UNEF) receives donations from individuals, corporations and public entities to fund scholarships and contribute to the University's teaching and research priorities. While it is administratively supported by the University, the Foundation is managed by an independent Board of Directors — a group of dedicated professionals who volunteer their time and expertise for the benefit of the University of New England (UNE or the University) and its students.

The UNE Foundation is responsible for managing funds that have been donated to the University and making them available in accordance with donors' wishes; for scholarships, research, and teaching and learning.

1.2. Purpose

The UNE Foundation is a public company limited by guarantee, which was established to receive, invest and make available to the university funds donated for scholarships, teaching, research and related purposes.

It has a strong governance and operational model that is very attractive to donors:

- While required to comply with certain investment guidelines laid down by the University Finance and Infrastructure Committee, it operates independently of the University. It has a majority of independent directors, one of whom is the Chair.
- It utilises the advisory services of a highly capable investment manager for tactical allocative decisions, however strategic decisions on investment and expenditure are ultimately the responsibility of the Board.
- It releases funds to the University only after satisfying itself that the proposed expenditure is in accordance with donors' wishes.
- The University provides operational support to UNEF at no charge to the Foundation. This, together with the fact that the directors serve without fee, means that there are no overheads; every dollar donated to the Foundation is available for the purpose for which it is donated.
- The Foundation's accounts are audited annually by the State Audit Office of NSW.

1.3. Scope & Approach

UNE's overarching approach to investing is set out in its Financial Management Rule and Policy, which stipulate that prospective investments must be assessed within the framework of UNE's core values, specifically sustainability and ethical behaviour. UNE's Rule also require that consideration is given to investment fundamentals such as risk and liquidity. The associated Policy require all investments to be assessed in terms of their Environmental, Social and Governance performance.

The UNE Foundation (UNEF) is a controlled entity of the University of New England and its Board as per the UNE Advancement Rule and Policy decides how to invest funds and approves the distribution of funds. This Investment Policy Statement, which stipulates the Foundation's: Objectives; Strategy; Asset Allocation; Risk Appetite and Return Objectives, as well as how the UNEF Investment Policy Statement interacts with UNE's Financial Management Rule and Policy in relation to common areas such as authorised investments.

Monies held by UNEF under separate donative instruments are invested in accordance with the conditions of those instruments and any investment directions or restrictions contained therein. Monies other than those under a separate donative instrument will be pooled and invested in accordance with the objectives contained in this Investment Policy Statement.

1.4. Investment Philosophy

The UNE Foundation Board ("the Board") has responsibility for the investment of the assets of the UNE Foundation ("UNEF").

The Board's core focus is the development of investment strategies that recognise the different investment objectives and time horizons of the Foundation and any other monies and assets entrusted to the management of the Board (together "the Funds") and executing those strategies through the prudent selection, on-going monitoring and review of investment consultants and investment managers.

The Board will concentrate on determining the most efficient allocation of risk across investment markets to generate the desired returns, and assessing and maintaining suitable competence over time. A complementary focus is developing skill in selecting the most appropriate investment partners, whether investment consultants or investment managers, and closely monitoring their provision of services to ensure UNEF's objectives are met.

This Policy is to be read in conjunction with the UNE Controlled Entities Rule and Guidelines.

1.5. Investment Objectives

The core objectives of the Investment Policy Statement are to ensure:

- The preservation of capital in the Funds;
- The prudent growth in real terms of the corpus of the Funds;
- That investment returns are sufficient to meet any annual spending requirements relating to the Funds; and
- That there is sufficient liquidity in the Funds to respond to in a timely way to satisfy University drawdown requests

1.6. Purpose of Investment Policy Statement

This Investment Policy Statement (IPS) specifies the parameters for managing the financial assets of UNEF. It also describes the process by which the investments are governed, including the responsibilities of the Board and its delegated authorities.

An overarching objective of this policy is to enable UNEF to prudently manage its financial assets in a manner that supports its strategic priorities. The IPS is intended to be flexible and responsive to both current and future practices, whilst governing the management of the investments for the applicable time frame.

The Board accepts that a portfolio of investments that is diversified across different asset classes, and which is prudently managed by expert advisers, will increase the probability of achieving its investment objectives over the stated time frame.

All assets held by UNEF are to be invested in accordance with the terms of this Policy. A regular report on UNEF investments and disbursements will be a standing agenda item of Board meetings.

Notwithstanding any policies relating to the investment of the Funds, all monies held by separate donative instrument are to be invested in accordance with the conditions of those instruments and any investment directions or restrictions contained therein.

Monies other than those under a separate donative instrument will be pooled and invested in accordance with the objectives contained in this IPS.

2. INVESTMENT OBJECTIVES & ASSET ALLOCATION

2.1. Asset Allocation Considerations

The Board will consider the following factors when determining the asset allocation for the funds. In doing so, the Board believes that prudent asset class diversification reduces but does not eliminate the likelihood of the portfolio generating negative returns:

- the tax-exempt status of UNEF;
- the time horizon;
- the investment objectives;
- the broad global and domestic macro-economic and other related factors that reasonably impact investment returns;
- the benefits of holding investments which provide access to franked income;
- the capital preservation requirements;
- the need for diversification to appropriately manage risk across individual issuers, sectors or instruments;
- the need for sufficient liquidity to meet any distribution requirements; and
- the potential impact of inflation on the real capital value of the portfolio over the long term.

The Strategic Asset Allocation (SAA) benchmarks represent the long-term asset allocation the Board believes will deliver the investment return objective over the applicable timeframe at an acceptable level of risk. It is understood that with market fluctuations, withdrawals, and contributions, it is unlikely that at any point in time the actual asset allocation will equal the benchmark exactly. To this end, the IPS provides tolerance ranges for each asset class in order to allow for market movement and tactical views whilst ensuring the portfolio does not deviate substantially from the stated SAA.

If the Board forms the view that the portfolio must be liquidated or invested in a manner outside of the ranges, they will inform the Investment Adviser in writing with details of the investment approach they are seeking to implement and the term of this position.

The Board will periodically determine and review the benchmark asset allocation and ranges for each asset class subject to the principles of appropriate diversification and consistent with the investment objectives of the Fund.

2.2. Return Objective

The objective of the Perpetual Benefit Pool is to produce capital growth and income over the long term.

The ***investment return objective*** for this pool is to achieve total returns (income and capital growth) of CPI+4.5% over a rolling 5-year period after fees.

2.3. Asset Allocation and Tolerance Ranges

The asset allocation benchmark and ranges are:

Asset Class	Current Strategic Asset Allocation (SAA) Benchmark	Tolerance Ranges (Minimum / Maximum)
Defensive Assets	**20%**	**10%-40%**
Cash*	2%	2% to 20%
Government Bonds	0%	0% to 20%
Credit	18%	0% to 25%
Growth Assets	**80%**	**60%-90%**
Real Assets	12%	10% to 30%

Equities - Domestic	30%	10% to 40%
Equities - International	34%	10% to 45%
Uncorrelated Assets	4%	0% to 10%
Total	**100%**	

* From time to time the cash balance may sit outside the ranges indicated due to additional deposits and withdrawals. Market conditions may dictate the appropriate timing to invest or divest in order to bring the cash balance back within the ranges.

2.4. Taxation

The Fund's investment income or capital gains are not subject to taxation and the Board is able to obtain a rebate of franking credits on relevant dividend income. This should be recognized when selecting underlying investments and investment strategies for the Funds.

2.5. Allowable Investments

Cash:

- Cash deposits;
- Cash Management Trusts/investments backed by Australian licensed and regulated banks and deposit taking institutions (ADI);
- Term deposits; and
- Managed Investments that are predominantly invested in these assets.

Government Bonds:

- Direct Government & Semi-Government bonds; and
- Managed Investments that are predominantly invested in these assets.

Credit:

- Corporate securities and direct securities within this class;
- Direct Hybrid Capital issues;
- Debt, including public and private issuance;
- Absolute Return;
- Managed Investments that are predominantly invested in these assets; and
- Social and Environmental Bonds – Social Impact Bonds, Green Bonds, Gender and/or Social Development Goal Bonds.

Real Assets:

- Directly held property;
- Property Trusts;
- Infrastructure;
- Renewables and Natural Resources; and
- Managed Investments that are predominantly invested in these assets.

Equities:

- Direct Equities;
- Listed Investment Companies;
- Private Equity / Venture Capital;
- Equity Long Short;
- Managed Investments that are predominantly invested in these assets;
- Listed Real Estate Investment Trusts.

Uncorrelated Strategies:

Any investment that demonstrates clear uncorrelated characteristics such as:

- Market Neutral strategies;
- Global Macro strategies;
- FX;
- Commodities;
- Renewables and Natural Resources; and
- Managed Investments that are predominantly invested in these assets.

2.6. Investment Restrictions

The following investment restrictions apply:

- All direct Fixed Interest investments (except Hybrids) must have an S&P (or equivalent). issue rating of investment grade (BBB-) or higher;
- The issuer of Hybrid Fixed Interest instruments must be rated as investment grade or higher (currently BBB-) by S&P (or equivalent);
- No underlying holding is to be more than 10% of the Fund, unless it is an LIC, ETF or other Managed Investment;
- The Investment Adviser must be satisfied as to the counterparty risk of any ETF sponsor / issuer or fund manager;
- The portfolio is to remain unencumbered at all times;
- Any proposal to use derivatives in the portfolio, must be obtained in advance from the UNE Foundation; and
- All investments of the Board shall be maintained in accordance with the UNEF Constitution, Trust Deed, UNE Controlled Entities Rule and Guidelines, UNE Financial Management Rule, and the Corporations Act 2000.

2.7. Distribution of Funds

Distributions are made from the UNE Foundation to the University twice per year.

Non-endowed funds (those which are expected to be fully expended within a short period, usually a year), are released to the University on request (with reasonable notice) subject to the requirements of the donor being satisfied.

Endowed funds (those for which the capital is to be preserved and the benefits to the University accrue from the earnings of those funds) are distributed according to a formula approved by the Board of Directors of the UNE Foundation (UNEF Board).

Consistent with statutory obligations, the Foundation distributes 4% on the value of the endowed fund (e.g. $100,000 would generate $4,000 annually) and any investment performance above the 4% is added to the endowment (e.g. if investment returns 6% a $100,000 endowment would provide $4,000 with $2,000 to be added to the $100,000 endowment for a new balance of $102,000).

The UNEF Board evaluates the current distribution rate at its annual meeting.

Before releasing funds to the University, the UNEF Board ensures that the proposed purpose is in accordance with the wishes of the donor and meets the criteria (if any) established.

The arm's length relationship between UNEF and the University means that funds are only available to the University with the approval of the UNEF Board.

Further;

The trustee of the UNE Foundation will satisfy the minimum annual distribution directions within the Public Ancillary Fund Guidelines (2011).

The target pay-out ratio set by the trustee of the UNE Foundation, expressed as the target percentage pay-out, is 3.5% per annum.

Throughout the year, the Board may be required to make ad-hoc distributions of capital as requested by the University of New England. Such distributions require resolution by the Board. Account holders in the Fund will be informed of such distributions as and when required.

The Board is to determine by September of each year:

- Anticipated funding priorities for the ensuing calendar year; and
- Any changes to overall investment guidelines to reflect cash flow requirements.

3. INVESTMENT GUIDELINES, REPORTING & BENCHMARKS

3.1. Responsible Investment Guidelines

In keeping with UNEF philosophy, the Board has determined that investments must be invested sustainably and responsibly in line with best practice and UNEF values. Specifically, the Board requires the investments of UNEF be managed in line with the following guidelines:

Environmental, Social and Governance (ESG) factors must be considered within the investment process.

ESG integration is the systematic consideration of environmental, social and governance factors within the investment decision-making process by Investment Advisers. This ensures ESG factors may be considered alongside traditional financial analysis potentially identifying risks and opportunities beyond technical valuations. The Board believes that beyond economic and market-related factors, ESG factors are important as they can have a long-term impact on how the portfolio performs. The Board notes that ESG factors should not be used as a proxy for exclusions on the basis of ethics, values or individual beliefs, and that the Foundation's must at all times adhere to its best interests duties as a responsible entity as outlined under the Corporations Act 2001 No. 50, 2001 - SECT 601FC.

The portfolio be proactively managed in alignment with our stated values, ethics and beliefs.

By this, the Board means that we 'positively include' or 'negative exclude' exposure to specific holdings, investments or industries based on its alignment or misalignment with our stated values, ethics and beliefs. The Board accepts that the exclusion of specific holdings, investments or industries has the potential to limit the investment universe available and may negatively affect the risk adjusted return generated by the portfolio.

With that in mind, there will be no direct investment in companies that derive material revenues (more than 10%) from any of the following:

- Alcohol;
- Gambling;
- Tobacco;
- Firearms; or
- Adult Entertainment.

When evaluating Managed Investments, the Investment Adviser will take a best endeavours approach to ensure that there is no individual exposure to each of these excluded industries.

Exposure to Impact Investment opportunities will be considered on a case-by case basis.

All investments have some level of impact. The emerging field of 'Impact investment' seeks to invest with the intention to generate positive, measurable social and environmental impact alongside financial return. The Board have determined that it will consider investing in impact investments on a case-by-case basis in accordance with the other parameters within this IPS.

3.2. Liquidity Guidelines

The need for liquidity, in alignment with the organisational strategy, has been considered in determining the capital available for investment, and the time frame for investment. Depending on the prevailing environment and/or unforeseen change in circumstances, there may be a need to realise and access capital without significant delay (within 15-20 working days under normal market conditions) - to that end there is a preference for liquid holdings across the portfolio.

However, the Board recognises that to achieve optimal risk and return objectives over the medium to long term, there may be value in exposure to investments that have lower liquidity in a well-diversified portfolio.

Exposure to these assets and strategies can improve portfolio characteristics and the Board are comfortable with exposure to *semi-liquid and illiquid* assets of up to 20% of the total value of the Funds.

3.3. Reporting and Administration

The Investment Adviser will provide quarterly reports that include:

- a review of the asset allocation strategy and its appropriateness in light of the changing investment environment, which may lead to rebalancing or tactical tilts;
- performance of the Funds against the investment return objectives;
- performance for each asset class relative to benchmark indexes; and
- any investment transactions.

Additionally, the Investment Adviser will provide the Investment Sub Committee with updated reporting and portfolio information prior to the scheduled Investment Sub Committee meetings. The Investment Adviser will provide an in-person update to the Investment Sub Committee as and when requested.

3.4. Individual Asset Class Benchmarks

The following benchmarks are to be utilised for performance measurement of the underlying individual investment asset classes:

Asset Class	Benchmark
Cash	Bloomberg AusBond Bank Bill Index
Government Bonds	Bloomberg Barclays Global Aggregate Treasuries Total Return Index, Hedged AUD
Credit	Bloomberg Barclays Global Aggregate – Credit Total Return Index Hedged AUD
Real Assets	50% FTSE/NAREIT Global Index Total Return (Property), AUD; and 50% FTSE Developed Core Infrastructure Total Return Index, AUD
Australian Equities	S&P ASX 200 Accumulation Index
International Equities	MSCI ACWI Gross Total Return Index, AUD
Uncorrelated Strategies	ABS AUS CPI + 2.0% p.a.

4. APPOINTMENTS & DELEGATIONS

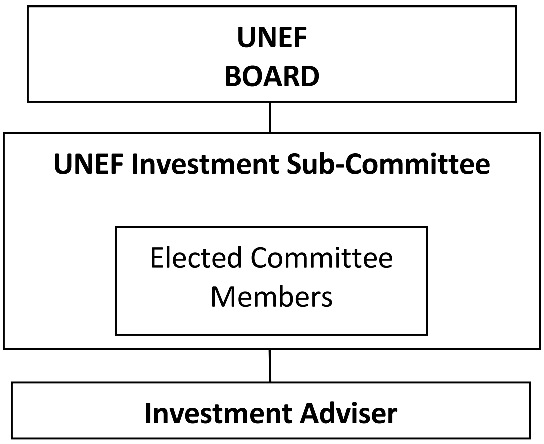
The Board of UNEF has a fiduciary responsibility to ensure that the investment of capital is properly managed. Specifically, the Board is required to:

- create, maintain and review the Investment Policy Statement and approve any changes,
- approve asset allocation bands and investment guidelines;
- appoint Members to the Investment Sub Committee;
- approve the appointment or termination of an external Investment Adviser; and
- set, review and amend when appropriate any spending or draw down policy

4.1. Delegations

The Board has delegated certain authority to the Investment Sub Committee to oversee the portfolio and to make portfolio-related decisions. The Investment Sub-Committee's functions include but are not limited to:

- allocating capital across asset classes in a prudent manner and in accordance with the Board's investment objectives;
- recommending the nominating, appointing and terminating of Investment Advisers to the Board;
- regularly meetings with the Investment Advisor(s);
- monitoring and reporting on the performance of the investment portfolio;
- making recommendations to the Board for approval of any changes to this Policy;
- complying with all relevant investment policies and guidelines; and
- minuting all Committee meetings, with a clear detail of resolutions.



The Board has approved an Investment Sub-Committee with delegated authority to review and accept investment manager recommendations related to investments that may require a decision within short time frames. This is to ensure UNEF has the ability to respond to investment opportunities, where they are aligned to the Investment Policy Statement framework and criteria, and where decisions require a prompt response (outside of the usual board cycle).

The delegated authority permits investment allocation changes that are less than 5% of the net asset value of the portfolio at the time of the decision, and must ensure that the underlying instrument remains within the approved investments ranges and limits within this policy.

4.2. Appointment of External Investment Advisers

The Board may appoint an external Investment Adviser to, amongst other things, invest and manage the investments on its behalf. In such an event, the Investment Adviser will be contracted to manage the investments according to this Policy.

Particular emphasis will be placed on objectively selecting an Investment Adviser whose business models and approach are highly aligned with UNEF's interests and who are willing to assist the Board and Investment Sub-Committee to build on internal competencies in the relevant specialist areas. Value will also be placed on the capacity for the selected Adviser to provide assistance and advice to UNEF in enhancing their mission.

The Investment Adviser must:

- hold an appropriate Australian Financial Services License (AFSL);
- have professional indemnity insurance cover and provide evidence of it upon request;
- comply with investment requirements imposed by State laws or Territory laws;
- invest and manage the portfolio(s) on behalf of the Board, including sourcing and making suitable investments in accordance with the Policy;
- exercise due diligence and vigilance in carrying out their functions, powers and duties under this policy;
- keep the portfolio(s)under review, including making full or partial realisation of individual investments and to confer at regular intervals with the Investment Sub- Committee; and
- advise the Investment Sub- Committee of any breaches of the Investment Policy Statement or mandate and disclose any material matters that in the opinion of the investment Adviser should be disclosed.

4.3. Implementation

The appointed Investment Adviser will make recommendations to the Investment Sub- Committee that are in accordance with the Investment Policy Statement, inclusive of the Strategic Asset Allocation and allowable ranges. The parameters that the Investment Adviser is permitted to act within are contained within section 'Investment Objectives & Asset Allocation' and 'Allowable Investments'.

4.4. Investment Adviser Performance

The performance of the Investment Adviser is to be reviewed on an annual basis. In assessing the Investment Adviser's performance, consideration will be given to the following:

- investment style;
- responsiveness;
- communication;
- proactive approach to investment opportunities;
- value adding customer service;
- flexible, accurate and timely reporting; and
- investment performance.

The Board recognises that short-term fluctuations may cause variations in performance; as a result, the Board intends to evaluate the Investment Adviser's performance from a long-term perspective.

4.5. Investment Adviser Review

Investment Advisers shall be formally reviewed by the Board every five years. A material change in the circumstances of the Investment Adviser (e.g. significant change in key personnel, change in ownership structure) may trigger an earlier formal review.

In addition, significant underperformance of the Investment Adviser against the Investment Adviser Performance criteria may result in Investment Adviser termination prior to the scheduled review.

4.6. Breaches of the Investment Policy Statement

A material breach outside of the agreed allowable ranges which has not been rectified within 10 business days must be reported to the Investment Sub-Committee within 5 business days of the breach being identified.

The Investment Adviser will provide reporting of any breaches of this Policy and the materiality of the breach to the Investment Sub-Committee on a quarterly basis.

Where the Investment Adviser is in material breach of the terms of the Investment Policy Statement, the Investment Sub- Committee may conduct a review of the causes of the breach. Depending on the finding of this review the Investment Sub- Committee may, acting reasonably, terminate the engagement of the Investment Adviser outside of the formal review cycle.

4.7. Policy Review

Due to the nature of the financial markets and the potential for change in the underlying investments over time, an annual review of this policy, including allowable investments and restrictions, will be conducted by the Investment Sub-Committee in conjunctiuon with the Investment Adviser. A review of this Policy may also be triggered by a change in UNEF's financial requirements and circumstances.

This review process will address issues such as any significant change in the organisations financial position, proposals to alter the investment risk management strategy, alterations to delegated authority and any additional management information reporting requirements.

5. APPENDIX: RISK STATEMENT

UNE Foundation takes a responsible approach to risk and risk management. As a recipient of donated funds, the Board recognises that it must invest prudently to preserve the corpus of funds. The Board (in line with UNE Controlled Entity Rule and Guidelines) does not enter into debt, nor into business. The Board recognises the obligation to stakeholders to manage the risk of losses, and that given the volatile market conditions, and the deep reliance on UNE for generating donation income, that UNEF has little tolerance for reputational damage, and limited capacity for high risk.

In seeking to maximise returns the Board is mindful of the inherent risks. Such risks are considered acceptable because they offer a reasonable expectation of compensation in the form of returns above the risk-free rate (excess returns) over the time horizon of the investment pools. Risks accepted in order to pursue the investment objective fall into the following categories:

5.1. Liquidity and Volatility risk

Liquidity risk is generally considered to be a measure of how quickly a security can be converted to cash, without negatively impacting its value. At any point in time, securities may be difficult to purchase or sell, preventing the Investment Adviser from closing out a position or rebalancing. As a result, withdrawal requests may be prevented until resolved. Volatility risk refers to the potential for the value of your portfolio varying over time. This may lead to fluctuations in the value of your portfolio over a period between when a withdrawal request is received to when it can be executed. The key factors that influence liquidity in an investment relate to its nature and characteristics, such as:

- the type of investment, e.g. equity, bond, property;
- the structure of the investment, e.g. direct holding, units in a trust;
- the marketability of the asset;
- whether the asset trades on listed or private markets; and
- the size of the holding relative to normal trading volumes.

The Board recognises that the liquidity of an investment is a not a discrete factor and can change significantly over time depending on market cycles and economic activity. The Board further recognises that short term risks may arise from a shortfall in the income required to meet expected cashflows from the investments. To offset this, the Board should:

- maintain sufficient liquidity as per this policy; and
- conduct scenario planning to accurately forecast expected cash flows and costs.

5.2. Credit Risk

Counterparty risk (credit) – the risk of loss due to a counterparty not honouring a commitment, these may include custodians, brokers and settlement houses (financial institutions). Credit risk (or counterparty risk) is the risk of default by the counterparty on its contractual obligations. In regard to indirect credit investments (eg: Managed Investments), appointed Investment Advisers are required to ensure the following are within the guidelines outlined in the fund's investment mandate:

- the average credit quality within the fund manager's portfolio;
- the exposure to different tiers of credit (including unrated debt); and
- the maximum permitted exposure to any one issuer.

Appointed Investment Advisers are also required to ensure that direct credit investments are made in accordance with the guidelines stipulated in section *Investment Restrictions.*

5.3. Market Risk

Market risk refers to changes in the prices to investments in your fund that may result in loss of principal or large fluctuations in the valuation of the portfolio within short periods of time. In addition, non-Australian securities might attract further market risk in relation to, foreign government policy & social stability, country differences such as exchange and transactional procedures, accounting, auditing and financial reporting.

The Fund holds exposure to a wide range of assets which the Board expects will produce returns divergent from and superior to the risk-free rate over the long term, but in respect of which the value may fall.

Principal exposures include:

- broad equity market risk, both globally and in Australia;
- broad debt market risk, including interest rate duration, credit spread duration, credit quality migration and default risks;
- currency exposure, including risks of movement in the value of both the Australian dollar and the foreign currencies held;
- non-uniform performance within broad asset markets (e.g. divergence in returns by sector, geographic region, growth vs. value styles, and large vs. small stocks); and
- return uncertainties within the property and more generally, private markets.

5.4. Implementation Risk

Implementation risk is a risk that the performance of your portfolio will differ from that of the corresponding Investment Managers performance. This occurs due to factors such as differences in the buy and sell prices of investments, fees, movements of cash and securities into and out of the portfolio, including any income elections, any differences in weights of holdings due special instructions, ASX rules around non-marketable trade parcel size, any trading restrictions imposed by the Investment Adviser, or any unlisted or illiquid securities.

5.5. Manager Risk

Investment Manager risk is appointed managers may exceed or fall short of performance objectives or produce returns that compare favourably against other Investment Managers. Reasons for this could be the manager's loss of key staff. In particular, appointed fund managers may exceed or fall short of the objectives set for them. Market returns and manager performance should be largely independent (i.e. performance of a manager relative to the broader market should not be impacted by the performance of that market itself).

Fund manager risk is generally addressed by:

- careful selection and monitoring of fund managers to ensure there is sufficient confidence that each manager warrants the allocation of active risk to them; and
- monitoring the composition of the portfolios of active managers to ensure that there are no unintended biases away from the intended investment strategy.

5.6. Operational Risk

General operational risk may involve an economic loss or reputation risk. It includes fraud, theft, unauthorised use of financial instruments and other breaches of delegated authority. This also includes loss due to poor transaction documentation, inadequate information systems or human error. To minimise this risk the Board will:

- keep proper accounts and records of the transactions and affairs;
- maintain a sufficient internal control framework that minimises potential loss arising from unrecorded or unauthorised transactions;
- place priority on the retention and recruitment of high-quality staff; and
- ensure the availability and reliability of hardware and software systems.

5.7. Currency Risk

Currency risk is the risk that fluctuations in exchange rates between the Australian dollar and foreign currencies may cause the value of non-Australian securities to fluctuate significantly. Investments in non-Australian securities may be hedged to mitigate the impact of these currency movements.

5.8. Concentration Risk

Concentration risk – asset class and investment manager diversification are generally employed to reduce the overall risk of the portfolio and the likelihood of generating negative returns. Asset class diversification is achieved by investing in a number of different asset classes with different risk/return characteristics. Fund manager diversification is achieved by utilising a number of different fund managers within each asset class with different investment styles.

6. APPENDIX: DEFINITIONS

In this document:

- **Environmental, Social and Governance** (ESG) means evaluating various ESG criteria during the investment process to the extent that those criteria may be material to risk, thematic opportunities and investment performance;
- **'Ethical investment'** means the adoption of 'screens' based on moral, ethical or religious beliefs, which may lead to the exclusion or inclusion of entire sectors, companies or geographical regions;
- **'Financial Year'** means a one-year period from 1 July to ending 30 June the following calendar year;
- **'Fund Manager'** means the entity or persons that are charged with executing the agreed strategy and managing the trades of a Managed Investment;
- **'Illiquid Investment'** means an investment with liquidity windows that are offered annually, or less frequently than annually, and therefore cannot be converted to cash within, or reasonably close to, 12 months without a significant adverse impact on its realisable value;
- **'Impact Investments'** are investments that are made with the specific intention of generating measurable social and environmental impacts alongside financial returns;
- **'Investment Adviser'** means professional and qualified firms or individuals who are engaged by the organisation to provide investment advice and services under contractual terms;
- **'Investment Sub-Committee/Audit & Risk Committee'** means the Committee appointed by the Board to oversee the Investment Mandate;
- **'Investment Mandate'** means the portfolio(s) investment objectives, guidelines and strategy as provided for in this Investment Policy Statement;
- **'Investment Policy Statement'** (IPS) means this document as amended from time to time;
- **'Liquid Investment'** means an investment with liquidity windows that are offered monthly, or more frequently, and can therefore be converted to cash within 90 days;
- **'Managed Investment'** means a pool of investments that are professionally managed by a Fund Manager. This includes the following:
    - Managed Funds;
    - Managed Accounts;
    - Listed Investment Companies and Listed Investment Trusts; and
    - Exchange Traded Products
- **'Portfolio'** means the investable assets of the organisation;
- **Responsible Investment'** (RI) is a generic term referring to investments that integrate financial goals with positive societal values. RI is an approach to investment that can include ESG integration, advocacy, impact investing, and ethical screening;
- **'Semi-Liquid Investment'** means an investment with liquidity windows that are offered more frequently than annually and less frequently than monthly.

7. APPENDIX: RELEVANT LAWS & VERSION CONTROL

7.1. Relevant State and Territory Laws

The Board of UNEF must comply with investment requirements imposed by Commonwealth, State or Territory laws.

UNEF is a Company Limited by Guarantee and is a Registered Charity with the Australian Charities and Not-For-Profit's Commission. (ACNC)

The ACNC requires charities to meet governance standards. Under Governance Standard 4 Charities must make sure its responsible persons are suitable, and under Governance Standard 5 they must ensure their responsible persons are aware of their duties and comply with them.

Under Governance Standard 5 responsible persons must:

- act with reasonable care and diligence;
- act honestly and fairly in the best interests of the charity and for its charitable purposes;
- not misuse their position or information they gain as a responsible person;
- disclose actual or potential conflicts of interest;
- ensure that the financial affairs of the charity are managed responsibly; and
- not allow the charity to operate while it is insolvent.

7.2. Conflicts of Interest

The Board and Investment Sub-Committee/Audit & Risk Committee Members are required to disclose any conflict of interest and remove themselves from the decision-making process related to the conflict.

7.3. Policy Adoption

This Investment Policy Statement was adopted by

…………………………………………….

<Name>

Chairperson of UNEF

Date: <Insert Date>