

Investment Policy

Policy Owner	Director of Finance	Policy Author	Treasury Accountant
Approved By	Finance and General Purposes Committee	Date Approved	August 2023
Status	Approved	Impact Assessment	Yes.
Version	3	Date of Next Review	August 2026
Endorsed By	Board of Governors		

Version Number	Purpose/Change	Date
2	Changes include increasing fund managers, changes to asset location and bringing an ethical dimension to the policy.	2016
3	An additional clause added (6.3) regarding fossil fuels companies. The Policy is now in the standard accessible template, policy owner and author updated, and review date added.	August 2023

Policy Title

1. Introduction

- 1.1 The Robert Gordon University (RGU) is a Scottish Registered Charity (SC013781). The University has a [Treasury Management Policy](#) that covers its short-term cash needs. In addition, rolling 10-year financial forecasts are prepared which include the University's capital expenditure requirements. This planning allows the University to invest the free cash balances on a longer-term basis.
- 1.2 This policy statement sets out the investment policy for these longer-term investments, as well as the policy for investing the assets of the Robert Gordon University Endowments.
- 1.3 The monitoring of these investments is overseen by the University's Board of Governors via Finance and General Purposes Committee (FGPC) which takes expert advice as required.
- 1.4 The Finance and General Purposes Committee is responsible for recommending any changes to the investment policy statement.
- 1.5 The University will ensure that the Finance and General Purposes Committee continues to have staff and student Governor membership. As Governors, the staff and student Governors will have voting power on the Committee. One student governor is a sabbatical officer from the Students' Union and the other is nominated from the Student Union elected Executive.
- 1.6 Any staff and/or students who wish to raise concerns about this policy, or the current or future investments of the University should contact the University Secretary and Vice Principal Corporate Services. The University Secretary and Vice Principal Corporate Services will then raise the concern(s) with Chair of the Finance and General Purposes Committee which has responsibility for investment oversight. The concern(s) will be reported to the next meeting of

the Committee, and as appropriate the Chair may invite the concerned staff and/or students to the meeting to discuss the issue further and determine actions to be taken.

2. Investment Objectives

- 2.1 RGU has a long-term Investment Policy intended to balance the current and future needs of the University in furthering the objects of the University. This involves maintaining the ability of the University to produce a consistent and sustainable level of investment return to support long term capital expenditure, within an acceptable level of risk.
- 2.2 The long-term objective for the portfolio, measured over rolling five-year periods, is to provide an annualised total return (net of fees) of 3.0-3.5% over the rate of inflation (as measured by the UK Consumer Price Index).

3. Risk Management and Asset Allocation

- 3.1 FGPC sets the asset allocation policy, monitors investments and expected cash flows to ensure a low probability of impacting budgeted spending levels. The strategy aims to strike an appropriate balance between risk and reward to keep the variability of returns to acceptable levels, and to allow drawdowns from these assets when required.
- 3.2 To achieve its investment objectives the assets of the University are diversified across equity, fixed income, and alternative asset classes such as property. The asset allocation is also set to maintain sufficient liquidity across the portfolio to reduce the likelihood of making asset disposals at depressed values.
- 3.3 The ranges and target allocation for each asset class within the two portfolios are set out in the table on the next page.

3.4 Asset Allocation Table

Asset Class	Minimum %	Target Allocation %	Maximum %
Global Equities	30	40	50
Corporate Bonds	15	20	25
Diversified Growth Fund	15	20	25
Property	15	20	25
Cash / Other	0	0	10
Total		100.0	

3.5 This asset allocation is monitored on a regular basis by FGPC, and on an annual basis FGPC considers whether to rebalance the portfolio back towards the central target allocation. FGPC regularly reports its activities to the Board of Governors.

4. Charitable Activities – Endowments

4.1 FGPC also oversees the investment of the University's Endowment assets. These assets are invested in line with the main assets, with an aim of producing an annualised return of 3.0-3.5% above inflation. The proceeds of these Endowments are used to fund activities in accordance with the wishes or intentions of the relevant grantors.

5. Investment Management

- 5.1 The FGPC has adopted an active approach to investing as it believes that the extra costs can be rewarded by superior investment performance. Managers' performance is regularly monitored and more formally reviewed every year.

6. Responsible Investing

- 6.1 RGU believes that responsible investment can enhance long-term portfolio performance. Capturing investment opportunities driven by environmental, social and governance (ESG) integration and active ownership may have a material impact on investment returns and risks. Hence their investment managers, in particular in the equity portfolio, are encouraged to take an active approach to engagement in these areas.
- 6.2 In addition, the approved [Treasury Management Policy](#) has adopted an investment policy where the equity holdings will exclude stocks that generate more than 10% of revenues from the following categories: Alcohol, Gambling, Tobacco, Armaments, Adult Entertainment, Thermal Coal, and Tar / Oil sands.
- 6.3 Finally, the university will actively seek to divest itself of all investments in companies engaged directly in fossil fuel extraction. It is currently expected that this will be completed by 31 December 2025.
- 6.4 When reviewing existing or appointing new investment managers the University's Investment Panel will review a manager's ESG policies.
- 6.5 The Panel also encourages their equity managers to discharge their responsibilities in accordance with current best practice including the UK Stewardship Code, and the UN Principles of Responsible Investment.

7. Review

- 7.1 This policy will be reviewed every three years or as required.