University of East Anglia
Investment Policy

Scope of this policy

This policy applies to funds invested by the University of East Anglia. The scope relates to the funds that are invested as endowments rather than day-to-day liquid funds that are addressed in the Treasury Policy.

1. The assets held by the University's endowment funds should be split into an investment portfolio, in order to generate income and capital growth sufficient to satisfy the requirements of the original donation.

Endowment Rules

2. New endowments received by the University are used to purchase units in the relevant fund at a price equal to the current value of a fund unit; that is the total market value of the fund divided by the number of units. Income shall then be added to each fund in proportion to its holding of fund units.
3. Where an endowment is a permanent endowment, only the income generated by the capital may be expended; the capital itself may not be spent. Where an endowment is an expendable endowment, the capital may be spent in accordance with the terms of the endowment. Where the capital portion of an expendable endowment is spent then the number of units held by that endowment fund should be decreased proportionately.
4. If any part of the capital portion of a permanent endowment is expended, notwithstanding the requirement that only the current portion of such an endowment may be spent, then expenditure on that fund should be held in abeyance until the accumulating income received by the fund is sufficient to make good the deficit.

Investment objectives

5. In relation to permanent endowments the aim, to be realised over the medium term (i.e. 3-5 years), is to at least maintain the capital value in real terms and, subject to that, to maximise income. In relation to expendable endowments the aim, to be realised over the planned timeframe of the expenditure, is to maximise total return. In both cases the aims should be interpreted net of investment manager costs.
6. Endowment investment decisions should aim to optimise the yield of the endowment investments within the context of the University's risk appetite. For this purpose the University's risk appetite is Open[1].
7. To minimise risk to an acceptable level, any endowment funds should be invested in a diversified portfolio which does not have excessive exposure to any specific sector or industry.
8. Notwithstanding the performance objectives, the investment of the University's endowments in companies, trusts, governments or other institutions must also

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[1] The following definition serves as guidance on the University's risk appetite: Open: willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.

take into account ethical criteria that align with the University's ethos and purpose.

Ethical investment criteria

9. The University, or its agents, will not invest in endowment funds in entities that:
    - Generate, in aggregate, more than 10% of turnover from the following activities:
        i. The production of cigarettes or tobacco products
        ii. The production of pornographic material
    - Operate thermal coal mines or oil and/or gas fields or in companies where significantly all of their business activity is the extraction of thermal coal, oil or gas.
    - Are involved in the operation of betting or gambling operations
    - Have a record of involvement in human rights abuses, as may be determined by an internationally recognised body (including, without limitation, the United Nations), or which have explicit links to such entities.
10. When making endowment investment decisions, the University or its agents will take into consideration environmental, social, and governance (ESG) criteria. A proportion of endowment funds (to be determined and publicised by the Finance Committee) will be invested in assets which have positive ESG characteristics.
11. The University, or its agents, should employ any power as may apply as a holder of investments to influence corporate behaviour in the investee towards alignment with the ethical provisions of this policy. A record of such actions will be maintained and reported in the annual endowment update or at the request of the University's Finance Committee.
12. A proportion of endowment funds (to be determined and publicised by the Finance Committee) shall, where possible, be invested in themes or assets specifically contributing to sustainable solutions. Any such theme should be aligned with one or more of the UN Sustainable Development Goals, as may be selected from time to time by the Committee.
13. A proportion of endowment funds (to be determine and publicised by the Finance Committee) shall, where possible, be invested specifically to achieve a positive, demonstrable and measurable social and environmental impact. In selecting targets for investment under this category, regard should be given for (but not necessarily limited to) enterprises local or connected to the Norfolk area.
14. The ESG balance of the portfolio will be monitored and reported in the annual endowment update or at the request of the University's Finance Committee.
15. Amendments that are required to the portfolio of Endowment investments as a consequence of approving this Policy will be implemented within 12 months of the Policy approval date, subject to market conditions.
16. Where the University currently holds endowment investments in entities which do not comply with the ethical criteria set out above, the investment will be sold and reinvested in a compliant investment vehicle within 1 year of the approval of this Policy, subject to market conditions.
17. Where the University holds an endowment investment in an entity which falls outside of the ethical investment criteria outlined above then a reasonable grace period will be allowed for the entity to return to a state of compliance. If it becomes apparent that the entity is likely to persist in a state of non-compliance then the investment will be liquidated and the proceeds reinvested in a compliant investment vehicle.

Fund Manager

18. The University should ensure that its fund managers, or any other of its agents, are aware of this policy and have the expertise and capacity to implement it.
19. The University's fund managers should be subject to periodic review to ensure that this investment policy, including its ethical requirements, is being adhered to, and that the service provider represents the best value for money for the University.
20. If it becomes apparent that an alternative provider may be better placed to provide the fund management services in accordance with the University's investment objectives, as defined in this policy, then a retendering exercise should be conducted with a view to replacing the provider.

Monitoring & Review

21. The policy shall be subject to triennial review by the Finance Committee and may be amended at their discretion at any time. Amendments to the policy will be approved after consultation with students and staff or their representatives.
22. Student and staff representatives, subject to confidentiality requirements, shall be able, by arrangement with the University, to review internal reports concerning the investment portfolio.

Policy Implementation

23. This policy shall be binding on any staff of the University of East Anglia, or their agents who make investment related decisions on behalf of the University.

The University's current funds

24. The University of East Anglia operates two key investment funds:
    - Consolidated Fund Number 1. This is the primary University endowment and was established with the University. This was previously operated by Barclays and is now operated by Cazenove.
    - The Pioneer Fund. This fund has been established at the request of a donor who required the deposit to be managed by Brown & Co as a condition of their donation. It also receives funds raised by the Development Office and, as required, is operated by Brown & Co.

    In addition, there are a few other smaller investments where the donor has specified how the fund should be managed. Currently, this applies to:

    - DKT Wong Fund (requirement that these funds are invested in UK Government Gilts). This fund has previously been invested with Barclays but we are now in the process of moving the funds to being under management by Cazenove.

Approved	September 2022
Next review	September 2025