

Investment Policy

Section 1 – Introduction, scope, and philosophy

- (1) **OUR PURPOSE:** GALAMBANY – Together we work to empower, connect, and share knowledge with our people, cultures, and places.
- (2) **OUR MISSION:** As a university anchored in Australia's capital, we work with government, business, and industry to serve our communities and nation, and to be the capital's educational window to the world.
- (3) **OUR VISION:** Our long-standing excellence in mission-oriented research will be fostered and, together with a renewed emphasis on entrepreneurship, will be woven inextricably into the University's educational experience.

Preamble

- (4) The University of Canberra (UC) is based in the Australian Capital Territory and is recognised by the Australian Taxation Office as a tax-free entity and a deductible gift recipient. The UC Council has determined that funds donated or bequeathed to the University and any surplus funds, including funds earned from Campus Development activities, should be invested in accordance with this policy. The investments are made with a view to maximising the return (after tax) on the investable funds held, subject to an acceptable risk profile for the University, and other constraints specified in this policy.

Purpose of the Investment Policy

- (5) The purpose of this Policy Statement is to set out the University's:
 - a. Governance incorporating Responsible Investing (RI) practices;
 - b. investment objectives; expected annual cash flows;
 - c. investment and operational guidelines;
 - d. parameters for the protection of the University assets and to guard against ad hoc investment decisions;
 - e. means of integrating ethical and sustainable practices to ensure that investment decisions reflect our commitment to Environmental, Social, and Governance (ESG) responsibilities; and
 - f. to provide continuity in times of Council, Committee Members or University Management change and to provide guidance to all stakeholders.
- (6) This Investment Policy is the 'Investment Plan' for the purpose of Section 58(1)(d) of the *Financial Management Act 1996* and Section 7 of the *Financial Management Investment Guidelines 2015*.

Scope

- (7) This Policy applies to all investable funds that are held and controlled by the University. This will include any funds managed internally by the University, or externally by an appointed Investment Adviser.
- (8) The University has established distinct pools of capital as follows:

University of Canberra Foundation, W.J Weeden Scholarship and PADMIN Funds (Foundation Funds)	Tied and endowed funds preserved outside of operational funds of the University. The primary purpose of these University Foundation funds is to ensure the University delivers life-impacting education to all regardless of background or circumstance. These funds have a longer-term investment objective for growth into perpetuity. The goal for these funds is to preserve and grow the corpus. Some income or growth in these funds may be accessed to deliver on the primary purpose.
University of Canberra Future Fund	Invested for the future benefit of the University. These funds have a longer-term investment objective for growth into perpetuity. The University's goal for these funds is to preserve and grow the corpus. The funds are available to enhance the capacity of the UC to fulfil its mission, objectives or longer-term strategic plan.
UC Project Initiative Fund	Invested to provide funding support for the University projects, initiatives, programs or new activities that will offer financial or non-financial benefit or deliver to the objectives of the University. The funds have short to medium term objectives and invested to ensure capital retention and sufficient liquidity remains available for project funding purposes.

Investment philosophy

- (9) The University investment philosophy is to maximise return on investments over the medium-long term, whilst maintaining an acceptable level of risk, without jeopardising the ongoing viability of the funds. This will be expected to provide a return greater than inflation so that the capital base of the funds will be enhanced over time in real terms.
- (10) The University is concerned that it should be seen as a socially responsible institution, and as such it should be a socially responsible investor.
- (11) The University will avoid investment opportunities considered likely to cause substantial social injury. In implementing the investment strategy, the University acknowledges the limited transparency of some managed investments, and the diverse operations of large corporations may result in outcomes that are inconsistent with the broader ethical and sustainability parameters of the University.
- (12) When evaluating the investments that may be included in the portfolio, the Investment Adviser and Finance Committee will take a best endeavours approach to ensure that there is limited exposure to underlying investments inconsistent with this policy.
- (13) The University understands and accepts that the exclusion of industries and specific stocks has the potential to limit the investment universe available to the Investment Adviser and as such limit the risk adjusted return generated by the Fund.

Investment implementation

- (14) The treasury functions of the University are managed internally by the University.
- (15) The University appoints an external Investment Adviser to provide advice and manage the financial investments of the University. The Investment Adviser is retained to provide independent investment decisions and advice. The Investment Adviser will also provide implementation, custodial, administrative and reporting functions related to management of the financial investments of the University.
- (16) The University's investments are implemented through:
- Direct investments and separately managed accounts where the University retains beneficial ownership of the investments and has control over the investments; and
 - Managed funds which are unlisted unit trust products where the University invests in a pooled arrangement, or as a sole investor, holding units which represent an ownership interest in the trust assets.

Section 2 – Principle

Investment objectives

- (17) The investment objective of the **University Foundation** and **Future Funds** is to generate total returns (capital and income), that exceed the outgoings of each Fund and increase the real capital value of each Fund over time. Each fund aims to achieve a real investment return of 3.0% over the medium-long term (5-7+ years) after allowing for inflation and investment adviser costs. In setting this return objective the University has broadly assumed annual inflation of between 2.0-3.0% and Investment Adviser costs of approximately 0.5%.
- (18) The investment objective of the **Project Initiative Fund** is to generate returns equivalent to the benchmark for cash in this Investment Policy. The objective recognises the liquidity requirements of this fund which limits the capacity for growth in the fund.
- (19) The asset allocation benchmark and ranges:

Table 1: University of Canberra (Foundation), W.J Weeden Scholarship PADMIN and Future Fund accounts

Asset Class	Strategic Asset Allocation (SAA) Benchmark	Tolerance Ranges (Minimum / Maximum)
Defensive Assets	30%	20% to 60%
Cash	3%	0% to 25%
Government Bonds	7%	0% to 25%
Credit	20%	10% to 40%
Growth Assets	70%	40% to 80%
Real Assets	15%	5% to 30%
Equities – Domestic	25%	10% to 40%
Equities – International	25%	10% to 40%
Uncorrelated Assets	5%	0% to 20%
Total	100%	

Note: There is property and infrastructure exposure held in asset classes other than Real Assets, for example International or Australian Equities.

Table 2: University of Canberra (Project Initiative) account

Asset Class	Strategic Asset Allocation (SAA) Benchmark	Tolerance Ranges (Minimum / Maximum)
Defensive Assets	100%	100%
Cash	50%	0% to 100%
Government Bonds	10%	0% to 30%
Credit	40%	0% to 50%

Liquidity

(20) The University recognises that short term risks may arise from the potential of each Fund to experience a shortfall in the income required to meet expected cash outflows. To offset this, each Fund should maintain sufficient liquidity, taking into account the expected cash flows and costs. The University acknowledges cash levels may fall outside tolerance ranges for short term periods of times for strategic purposes or where otherwise deemed necessary.

Diversification

(21) Prudent asset class and investment diversification should be employed to reduce the likelihood of each Fund generating negative returns in a particular year. Appropriate diversification of investments and will be undertaken to offset investment risk. The investments should be selected with the aim of limiting the chance of a negative return (in any one year) to once every four to six years.

Cash flows

(22) An objective of the investments is to generate sufficient income to cover expected outgoings.

Section 3 – Investment guidelines

Prudent person standard

(23) Prudence is to be used by the Finance Committee when overseeing the overall portfolio. Investments will be managed with the care, diligence, and skill that a prudent person would exercise in managing the affairs of other persons. This includes having in place appropriate reporting requirements that ensure the investments are being reviewed and overseen regularly.

(24) The Finance Committee is to oversee the investment portfolio not for speculation, but for investment in the spirit of, and in accordance with the Policy. They will consider both the risk and return parameters of the investment policy when advising on investment recommendations. The Finance Committee will endeavor to ensure that the University avoids any transactions that might harm its reputation.

(25) The University Council will ensure that the Finance Committee has the appropriate mix of skills and experience to fulfil its obligations under this prudent person standard.

Authorised Asset Classes and Investments

(26) Only investments in the following investment holdings are permitted:

Cash	<ul style="list-style-type: none"> • Cash deposits • Cash Management Trusts/investments with Australian licensed and regulated banks and Approved Deposit Taking Institutions. • Term deposits with maturities less than 90 days • Managed Funds or Exchange traded funds that are predominately invested in these assets
Government Bonds	<ul style="list-style-type: none"> • Direct Government and Semi-Government Bonds • Managed Funds or Exchange traded funds that are predominately invested in these assets.
Credit	<ul style="list-style-type: none"> • Term Deposits with a maturity greater than 90 days • Direct Corporate Bonds, subordinated debt, or debt securities (listed or unlisted) • Hybrid or Capital Note issues (listed or unlisted) Social and Environmental Bonds- Social Impact Bonds, Green Bonds and/or Social Development Goal Bonds. • Diversified private credit. • Listed Investment Companies that are predominately invested in these assets. • Managed Funds or Exchange Traded Funds that are predominately invested in these assets.
International Equities	<ul style="list-style-type: none"> • Direct International Equities • International Equity Long Short Strategies • International Private Equity/Venture Capital • Listed Investment Companies that are predominately invested in these assets. • Managed Funds or Exchange Traded Funds that are predominately invested in these assets.
Australian Equities	<ul style="list-style-type: none"> • Direct Australian Equities • Australian Private Equity/Venture Capital • Australian Equity Long Short Strategies • Listed Investment Companies that are predominately invested in these assets. • Managed Funds or Exchange Traded Funds that are predominately invested in these assets.
Real Assets	<ul style="list-style-type: none"> • Direct Property • Listed Real Estate Investment Trusts or Companies • Property Trusts (listed or unlisted) • Infrastructure (listed or unlisted) • Renewables (listed or unlisted) • Listed Investment Companies (International or Australian) that are predominately invested in these assets. • Managed Funds or Exchange Traded Funds (International or Australian) that are predominately invested these assets.
Uncorrelated Strategies	<ul style="list-style-type: none"> • Market Neutral Strategies • Global Macro Strategies • Precious metals and commodities (including gold) • Hedge Funds • Diversified Mezzanine Finance

- Listed Investment Companies (International or Australian) that are predominately invested in these assets.
- Managed Funds or Exchange Traded Funds (International or Australian) that are predominately invested in these assets.

Asset Allocation Considerations

- (27) The following factors are to be considered when determining the asset allocation for the Fund:
- Need for sufficient liquidity;
 - Potential impact of inflation, requiring an exposure to growth assets in order to maintain the real capital value of each Fund over the long term; and
 - Use of asset allocation bands and tactical asset allocation, to provide for changes in the investment environment.
- (28) The actual allocation to cash may exceed the upper range for short periods of time as new cash inflows into each Fund are processed, strategic purposes or where otherwise deemed necessary.

Investment restrictions

- (29) With respect to direct credit investments, the University will invest in securities with an Investment Grade rating (Standard and Poor’s rating of BBB- and above) or equivalent from another recognised rating agency. (Social Impact Bonds are exempt from the investment grade issuer rating requirement if the contracted cash payments are from a Government entity, that is rated investment grade and the loss given default is not more than 50%).
- (30) Furthermore, the total exposure to International equities, Australian equities, Real assets, and Un-correlated assets (growth assets) shall not exceed 85% of the portfolio investment funds.

Asset class benchmarks

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

ASSET CLASS	BENCHMARK
Cash	50% 90d BBSW and 50% 1yr TD Rate
Government Bonds	Bloomberg/Barclays Global Aggregate Treasuries Total Return Index, \$A Hedged
Credit	Bloomberg/Barclays Global Aggregate – Credit Index \$A Hedged
Real Assets	50% FTSE/NAREIT Global Property in \$A and 50% FTSE 50/50 Core Infrastructure in \$A
Australian Equities	ASX 200 Accumulation Index
International Equities	MSCI ACWorld Index Ex Aust in \$A
Uncorrelated Assets	Aust CPI Plus 2.0%

Taxation

- (32) The University needs to remain alert to its taxation standing and be prepared to alter investment arrangements should a change occur.

Section 4 – Responsible investment guidelines

- (33) In keeping with the investment philosophy, the University Council has determined that the investments should be invested sustainably and responsibly, in line with accepted good practice and in alignment with the University strategy, values and ethics. Specifically, the UC Council requires the investments of University of Canberra be managed in line with the following guidelines:

Environmental, Social and Governance (ESG) factors

Environmental, Social and Governance (ESG) factors should be integrated into the investment process.

- (34) The University is committed to ethical investing incorporating principles of sustainability and ESG. The University recognises that financial, sustainability and ESG factors can influence long term investment value. However, the University considers taking these factors into consideration will mitigate risk and promote both financial and non-financial outcomes over the long term. The objective is not only to achieve financial objectives but also to promote social equity, responsibility, and environmental stewardship throughout investment practices.

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

- (35) The University will ‘positively include’ or ‘negatively exclude’ exposure to specific holdings, investments or industries based on their alignment or misalignment with stated values, ethics, and beliefs. The University 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 investable funds.

Positive Screen

- (36) Governance and ethical standards are crucial to how the University operates. The University ensures that all investments are assessed for ESG risks and opportunities, leveraging both positive and negative screens as outlined in this Investment Policy. The Investment Adviser should integrate ESG factors, including consideration of climate change risk and opportunity into their advice.
- (37) In terms of environmental responsibility, the investment strategy seeks to support investments that promote or progress the transition to a cleaner, energy efficient and sustainable future. This includes, but does not limit the University to, sectors such as renewable or efficient energy, environmental stewardship, and circular economy initiatives.

- (38) Social responsibility is another cornerstone of the investment policy. The University supports initiatives that are led by or benefit First Nations people, prioritising partnerships with First Nations businesses that empower these communities. In addition, the University is supportive of investments that enhance public health, mental wellbeing, and inclusion, thereby contributing positively to community resilience.
- (39) The Investment Adviser must take into account whether the direct investment, managed investment or investment fund manager of a proposed Investment is:
- a. a signatory to the United Nations backed Principles for Responsible Investment (PRI);
 - b. certified by or a member of the Responsible Investment Australia Association; or
 - c. identified positively on the MSCI sustainability or ESG indexes or Investment Adviser reports.

Negative Screen

- (40) The University will direct the Investment Adviser to exclude an investment in a direct security, company or entity that:
- a. undertakes the manufacture of tobacco or related products;
 - b. generates more than 10% of revenue from gambling operations and/or gambling support;
 - c. manufactures or sells controversial weapons including nuclear weapons; or
 - d. undertakes the extraction of fossil fuel.
- (41) When evaluating Managed Investments, the Investment Adviser will take a best endeavours approach to ensure that there is no individual exposure by revenue of more than 10% to each of these excluded industries:
- a. the primary manufacture of tobacco or related products;
 - b. gambling operations and/or gambling support;
 - c. manufacture or sale of controversial and nuclear weapons; and
 - d. fossil fuels including thermal coal extraction, conventional/unconventional oil and gas extraction, oil refining, thermal coal-based power generation, liquid fuel-based power generation or natural gas based power generation.

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

- (42) For the purposes of this Investment Policy, Impact Investments are defined specifically as those investments that look to generate financial return alongside a positive environmental or social impact, where the impact is measured, monitored, and reported.
- (43) The University has determined that it will consider investing in Impact Investments on a case-by-case basis in accordance with the other parameters within this Investment Policy.

Risk management

- (44) To ensure adequate diversification and maintain the overall quality of the investments held in the portfolio, the risks of investment will be managed by having a balanced portfolio to manage market risk and to allow real growth of the capital base of each Fund over time and an annual review of strategic allocations to manage liquidity risk or more often if there has significant change in the investment environment. The University will generally take an unhedged position with regards to currency risk on international securities as this approach tends to improve diversification. However, the Investment Adviser is to be alert to market conditions where an exchange rate hedge would be expected to add value.

Section 5 – Investment adviser

- (45) The Finance Committee may appoint an Investment Advisers to assist with the investment and management of each Fund. In such an event, the University, subject to the agreement of the Finance Committee, may enter into an agreement with the Investment Adviser, directing the Investment Adviser to manage each Fund according to this Policy.
- (46) Any Investment Adviser or Investment Firm should:
- a. hold an appropriate Financial Services License
 - b. have professional indemnity insurance cover, and provide evidence of it upon request;
 - c. comply with investment requirements imposed by Australian and ACT laws;
 - d. invest in assets in the name of the University and manage the Fund on behalf of the Finance Committee, including sourcing, and making suitable investments in accordance with the Investment Policy;
 - e. keep the Fund under review, including making full or partial realisation of, or exit from investments, and to confer at regular intervals with the Finance Committee regarding the investment management of the Fund;
 - f. exercise all due diligence and vigilance in carrying out the Investment Adviser's functions, powers, and duties under the Investment Policy; and
 - g. advise the Finance Committee of any breaches of the Investment Mandate and any material matters relating to the Investment Adviser that in the opinion of the Investment Adviser, should be disclosed to the Finance Committee.

Investment adviser performance

- (47) The performance of any Investment Adviser or Investment Firm is to be reviewed on an annual basis. In assessing the Investment Adviser's performance, consideration will be given to the following:
- a. responsiveness;
 - b. proactive approach to investment opportunities; value adding customer service;
 - c. flexible, accurate and timely reporting;

- d. and performance against investment objectives taking into consideration investment performance compared with benchmarks.
- (48) The Finance Committee recognises that short-term fluctuations may cause variations in performance and intends to evaluate the Investment Adviser's performance relative to their peers and from a medium-long term perspective.

Section 6 – Operational guidelines

Purpose

- (49) The Finance Committee acts as an advisory committee to University management.

Delegated authorities

- (50) With respect to Investment Financial Delegations, refer to the University of Canberra *Delegations of Authority Policy* and *Delegations of Authority Schedule*.
- (51) The Investment Adviser shall manage the Fund on behalf of the University including sourcing and recommending suitable investments in accordance with the Policy. The Investment Adviser is instructed to inform the University's Chief Operating Officer and Chief Financial Officer of any investment recommendations and may only execute the transactions with the approval of the appropriate Financial Delegates.
- (52) The University will inform the Investment Adviser in writing of the delegated authorities and the extent or limit of their delegation under the University's *Delegations of Authority Policy*.

Conflicts of interest

- (53) Finance Committee members shall refrain from personal activities that would conflict with the proper execution and management of the University investment portfolio. This Policy requires officers to disclose any conflict of interest to the Council Secretary or the Chair of the Finance Committee. Investment advisers are also to declare that they have no actual or perceived conflicts of interest.

Voting

- (54) The following guiding principles will apply to voting:
- a. Voting as a right of a shareholder of an investment will be undertaken by the investment manager, under guidance of the University as required;
 - b. A vote either 'for' or 'against' can be made, except where there is a conflict of interest;
 - c. Voting activity should be carefully monitored by the Finance Committee if necessary; and
 - d. The University retains the ultimate responsibility for voting decisions.

Legislation

(55) The University must comply with investment requirements imposed by Australian and ACT laws.

Section 7 – Definitions

TERM	DEFINITION
Credit Rating	with regard to investment choices will reference Standard and Poor’s (S&P) ratings.
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;
Finance Committee	means the Committee appointed by the University to oversee the Fund’s Investment Mandate.
Financial Year	means a one-year period ending 30 June.
Fund Manager or managed investment	means a managed fund, index fund, exchange traded fund or other investment structure that is engaged or retained by the Investment Adviser or University for investment of funds.
Fund or investable Fund	means the University investment portfolios including the UC Foundation trust assets available for investment, UC Future Fund and UC Projects Initiative Fund.
Impact Investments	are those investments that look to generate a positive environmental or social impact alongside a financial return, where the impact is measured, monitored, and reported.
Inflation	means the annualised CPI figure quoted by the Australian Bureau of Statistics at the end of the June quarter.
Investment Adviser	means professional and qualified firms or individuals who are engaged by the University to provide investment advice, management and services under contractual terms.
Investment Mandate	means the Fund’s investment objectives and guidelines as provided for in the Investment Policy.
Policy	means this document as amended from time to time and reviewed annually
Responsible Investment’ (RI)	Refers to investments that are focused on the dual goal of performance and purpose. RI is an approach to investment that can

TERM	DEFINITION
	include ESG integration, advocacy, impact investing, and ethical screening.
The University (UC)	means University of Canberra on ACNC/ABN Register, ABN 81633873422;
University Council	Means the executive or governing body of the University of Canberra established under the University of Canberra Act 1989 (ACT) being responsible for the entire management and governance of the University.

Appendix

Risk statement

Due to the nature of the financial markets and the potential for change in the underlying portfolio over time, an annual review of this Policy, including allowable investments will be conducted by the Finance Committee, in conjunction with any Investment Adviser.

This review process will also address issues such as the desire to alter the University investment risk management strategy, alterations to delegated authority, and any additional management information reporting requirements.

The risks accepted by the University in pursuing their investment objectives fall into the following categories:

Climate risk

Climate risk refers to the potential for adverse consequences for human or ecological systems, recognising the diversity of values and objectives associated with such systems. In the context of climate change, risks can arise from potential impacts of climate change as well as human responses to climate change. Relevant adverse consequences include those on lives, livelihoods, health and wellbeing, economic, social, and cultural assets and investments, infrastructure, services (including ecosystem services), ecosystems and species.

To understand and minimise this risk the University will:

- ensure responsible investment is incorporated appropriately into the Investment Policy in line with evolving good practice and norms;
- include responsible investment requirements in every tender process to appoint an Investment Adviser; and
- ensure that the chosen Investment Adviser has the capacity and capability to report and manage climate related exposures of the portfolio as required under the Investment Policy.

Concentration risk

In accordance with a prudent approach, asset class and Investment fund manager diversification should be 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. Investment fund manager diversification is achieved by utilising a number of different fund managers within each asset class, with different investment styles.

Credit risk and counterparty risk

Credit risk is the risk that an issuer defaults on its contractual obligations with respect to its debt instruments.

Counterparty risk (which can also include credit risk) is the risk of loss due to a counterparty not honouring a commitment, these may include issuers, custodians, brokers, and settlement houses (financial institutions).

Appointed Investment Advisers are required to ensure that direct credit investments are made in accordance with the guidelines stipulated in Section 3 Investment Guidelines .

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. If the portfolio includes exposure to non-Australian securities, they may not be hedged back to Australian dollars and therefore the portfolio may be exposed to currency risk. Investments in non-Australian securities may be hedged to mitigate the impact of these currency movements. A decision to invest in non-Australian securities may be a part of the approved investment strategy of the University and should be taken in tandem with a decision on currency hedging. In certain circumstances, an organisation may also consider other factors which might influence currency risks (e.g., cost of operations or income sources).

Fund manager risk

Fund manager risk refers to the risk that the appointed fund managers may exceed or fall short of performance objectives for a variety of reasons, including poor processes, incorrect investment thesis and loss of key staff.

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 fund managers to ensure that there are no unintended biases away from the intended investment strategy.

Implementation risk

Implementation risk is the risk that the performance of the portfolio will differ from that of the corresponding fund 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 and/or any unlisted or illiquid securities.

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.

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 University recognises that the liquidity of an investment is not a discrete factor and can change significantly over time depending on market cycles and economic activity. The University 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 University should:

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

Volatility risk refers to the potential for the value of the portfolio to vary over time. This may lead to fluctuations in the value of the portfolio over a period between when a withdrawal request is received and when it can be executed.

Market risk

Market risk refers to changes in the prices of investments in the portfolio that may result in the 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/or financial reporting.

The portfolio holds exposure to a wide range of assets which the University 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.

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 University 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.

Policy adoption

The Policy adoption and amendments resulting from policy reviews must be recommended by the Finance Committee, for endorsement by the University of Canberra Council.

Status and details

Status	Current
Effective Date	11 March 2026
Review Date	8 November 2029
Approval Authority	ACT Treasurer
Endorsement Date	8 November 2024 (Council)
Approval Date	11 March 2026 by ACT Treasurer
Custodian	Chief Operating Officer
Responsible Manager	Chief Financial Officer
Enquiries Contact	Policy