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Authorised by:	Board of Directors	Approved Date:	30/11/2019	Review Date:	Nov 2021

1. Purpose and Scope

The USANZ's objective is to manage its investments funds responsibly and to maximize the return on investments to enhance its overall wealth and fiscal capacity. This policy establishes the governance mechanisms and the investment structure that apply to the management of USANZ investment funds.

2. Governance

2.1 **Investment Committee (the Committee)**

2.1.1 **Objective**

The objective of the Committee is to assist the Board in fulfilling its governance and statutory responsibilities by overseeing and monitoring the USANZ's investment portfolio. The Committee is not held accountable for less than desirable outcomes, rather for adherence to procedural prudence.

2.1.2 **Authority**

The Committee is directly responsible and accountable to the Board for the exercise of its responsibilities. The Board authorises the Committee to:

- Develop the USANZ's Annual Investment Strategy which will be recommended to the Board for approval. The Strategy will include the proportion of reserves to be made available for investment, the nature of the investments as well as a risk and estimated return assessment.
- Make investment decisions in accordance with the limitations set out in this Policy and the Annual Investment Strategy approved by the Board.
- Provide reports to the Board relating to all investments and their performance relevant to approved benchmarks.
- Assess and make recommendations to the Board in relation to the appointment and/or removal of external investment advisors/managers (IAM).
- Manage and monitor the performance of any IAM appointed by the Board.
- Consult with external consultants as required in the fulfillment of the committee's responsibilities.
- Make recommendations to the Board in relation to any changes to this Policy or the Annual Investment Strategy.

In carrying out their duties, Committee members are required to:

- act with reasonable care and diligence and in the best interests of USANZ.
- not improperly use information or their position for personal gain.
- immediately disclose and manage any perceived or actual conflicts of interest. Disclosures must be declared at the start of each meeting and recorded in the minutes of the meeting. Members who declare a conflict must not participate in or vote on any issue in respect of which they have a conflict of interest.

2.1.3 **Composition and Tenure**

The Committee is comprised of the following members:

- USANZ Treasurer (Chair)
- USANZ External Director
- USANZ Director

The terms of office will be:

- Interim arrangements for Inaugural Committee: The USANZ Director (Specialty Elected RACS Councillor) will Chair the Committee until May 2017, at which point the USANZ Treasurer assumes the Chair.
- The Treasurer will Chair the Committee during his/her two year term as Treasurer
- The USANZ External Director is appointed to the Committee for the term of his/her USANZ directorship (ie three years).
- The other USANZ Director will be appointed to the Committee for a term of two years. A second term of two years may be approved by the Board.

The Investment Committee may co-opt another FULL member from the USANZ membership, subject to the approval of the Board of Directors. The co-opted member will have the same tenure period and voting rights that would have applied to that Committee member's appointment.

2.1.4 Proceedings of Meetings

- The Committee will meet four times annually, prior to each Board meeting to review the performance of USANZ investments and to consider any recommendations on investments received from the IAM.
- A quorum for a meeting of the Committee will be two (2) voting members.
- The Committee may make resolutions via Circular Resolution as needed.
- Although not a voting member, the USANZ Chief Executive Officer and Chief Financial Officer should also be in attendance.
- The USANZ Chief Operations Officer (COO) will be the Secretary of the Committee and will attend and minute the meetings as a non-voting member.
- The Committee may extend an invitation to any person to attend all or part of any meeting of the Committee which is considers appropriate.

2.2 Appointment of Professional Investment Advisor/Manager (IAM)

The Board may appoint IAM(s) to provide guidance, make recommendations on appropriate investments and asset allocations, and/or to manage specific investments in accordance with this policy.

IAM must submit the following reports to the Committee:

- Monthly statements: showing investment performance at portfolio level.
- Quarterly Reports: A detailed report on performance, at individual portfolio level, compared against specific benchmarks for that portfolio.
- Annual Report: A detailed annual report must be provided showing, at both individual portfolio level and for the USANZ as a whole, performance compared against specific benchmarks and including sufficient commentary to explain the main reasons for any deviation of portfolio performance from benchmarks.

The Committee will be responsible for ensuring the IAM is aware of, and applies the guidelines set out in this policy.

The term of the appointment will be no longer than three years and be subject to annual reviews.

3. Investment Guidelines

3.1 Investment principles

As a non-profit organisation representing the interests of its members, USANZ aims to maximise return on its investing activities but considers it prudent to maintain a conservative risk exposure to:

- achieve an annual return on investment at a rate that is CPI (All groups September year to year) plus a margin of two hundred basis points (2%) over inflation. The targeted annual return will be reviewed as part of the annual budget process.
- include diversity in the selection of institutions and asset classes it invests in
- recognise the varying requirements for liquidity as advised by management.

3.2 Investment Funds

3.2.1 Working Capital

The primary objective of working capital is to support USANZ's ongoing operations and will be managed in-house by the USANZ Management to maximize returns, taking into account liquidity requirements.

USANZ management will advise the Committee of working capital requirements on an annual basis as part of the budget process.

3.2.2 Adverse Event Allowance

The Adverse Event Allowance (Allowance) is an amount that is set aside to meet costs arising out of unforeseen events that have the potential to threaten the day-to-day operations.

On an annual basis as part of the budget process, USANZ management will recommend the amount of Allowance required.

The Allowance may be managed in-house or with the Investable Funds but must take into account the short term operational risk profile, the outlook for interest rates and the credit quality of the deposit taking institution.

The Allowance should not be invested in any investment products whereby it cannot be accessed within a thirty (30) day period.

3.2.3 Investable Funds

Investment Funds are the funds that are set aside for medium to long term investment. The amount of Investment Funds will be confirmed each year as part of the annual budget cycle and will take into account the Working Capital and Adverse Event Allowance requirements.

3.3 Asset Allocation and Risk Management

USANZ places high importance on asset allocation as a tool to manage risk and has developed the allocation table below to provide appropriate parameters for the allocation of Investment Funds.

The Committee and appointed IAM must ensure that in developing appropriate portfolios for each Asset class they remain consistent with the overall risk/return profile in this policy.

Asset Allocation Table

Asset Class	Benchmark Allocation	Maximum Allocation
Cash	10%	15%
Fixed interest	45%	55%
Australian and international shares	45%	50%

3.4 Investment guidelines for asset classes

3.4.1 Cash

The principal objective of Cash Funds is to provide liquidity for the ongoing management of USANZ.

The class includes cash-like investments. Such investments will have a short term maturity of (</= 31 days).

Funds will only be invested in those Australian banks approved by the Reserve Bank/Australian Prudential Regulatory Authority (APRA) as Authorised Deposit-taking Institutions (APIs), with a Standard & Poor credit rating (or Moody's/Fitch equivalent) of BBB or above and "Stable".

3.4.2 Fixed Interest

Fixed interest is viewed as a defensive asset class and has the principal objective of protecting capital and generating a competitive income return relative to prevailing interest rates.

Returns will be benchmarked against the S&P/ASX200 Fixed Interest 1-5 Year Index (<http://us.spindices.com/indices/fixed-income/sp-asx-australian-fixed-interest-1-5-year-index>).

USANZ may directory purchase fixed interest securities. In these circumstances, the following principles will be observed:

- i) It is envisaged that most fixed interest securities will be purchased with a view to holding to maturity and will select securities with regard to:
 - Diversification by industry;
 - Diversification by issuer, with no more than 20% of funds to be invested in any one counterparty;
 - Diversification by term with a spread of maturities from medium term (</= 12 months) and long term (</= 60 months).
- ii) USANZ Funds will only be invested in those fixed interest assets that are issued by organisations with a Standard & Poor credit rating (or Moody's/Fitch equivalent) of BBB or above and "Stable".
- iii) USANZ portfolio will only be invested in the following types of fixed income securities:
 - Australian Commonwealth Government Bonds or State Government Bonds. [Allocation Range 0%-80%]
 - Australian corporate securities, including medium term notes and listed income securities [Allocation Range 0%-50%].

USANZ may also invest in ASX listed securities, ASX listed exchange traded funds and unlisted managed investment funds that conform with the risk and other characteristics stipulated in this policy and provide an underlying exposure to the relevant asset class.

In these circumstances the committee will have regard to a variety of factors when choosing appropriate securities, exchange traded funds or managed investment funds, including the size of funds under management in products under consideration, fund or instrument liquidity, the stability and reputation of the product issuer and the annual costs associated with the instrument, including all management fees.

3.4.3 Australian and International Listed Equities

USANZ has the objective of gaining a balanced exposure to Australian and international shares market and growing income streams over the medium to long term (ie 3-5 years plus).

The Board has approved the adoption of a passive investment philosophy with respect to exposures to listed equities (both Australian and international).

Consequently, exposure to Australian listed equities will be obtained through the acquisition of portfolios that track major Australian equity market indices. These may from time to time include:

Australian Listed Equities	International Listed Equities
ASX 50	MSCI World Accumulation Index (ex Aust)
ASX 100	
ASX 200	
ASX 300	

USANZ may use a variety of methods to construct these portfolios, including the use of appropriate ASX listed exchange traded funds and unlisted managed investment funds.

The Committee will have regard to a variety of factors when choosing appropriate exchange traded funds or managed investment funds, including the size of funds under management in products under consideration, fund or instrument liquidity, the stability and reputation of the product issuer and the annual costs associated with the instrument, including all management fees.

3.5 Tax Status

USANZ is a not-for-profit company limited by guarantee and holds income tax exempt status. Tax is an important investment consideration and any future changes to its tax status will be noted in this policy.

3.6 Registration of Investments

Investments are to be held in the name of the Urological Society of Australia and New Zealand (USANZ).

3.7 Ethical Investment Considerations

USANZ recognizes the responsibility to make prudent investments in commercially viable and sustainable businesses in order to achieve the dual aim of increasing income and growing assets over the long term.

There may however be businesses undertaking activities that the USANZ considers inappropriate or incompatible with its constitution or general health objectives such as businesses that operate in the tobacco or munitions manufacture industries. The USANZ will not invest in these businesses.

If the Committee had any doubts as to the appropriateness or ethics of a potential investment, the Committee may refer its recommendation Board for direction.

To avoid any perceived or actual conflict of interest, the USANZ will not invest in the ASX Health and Medical Indices.

3.8 Review

This Policy will be reviewed by the Board at least every two years.

Version	Prepared by	Reviewed by	Last Update
1.0	CEO	Investment Committee/Board	26.11.2016
1.1	Gov & Secretariat Coordinator	Registered in Policy Register	20.12.2017
2.0	External Director	Investment Committee/Board	23.02.2018
3.0	CEO	Investment Committee/Board	30.11.19