# INVESTMENTS PROCEDURE

<table>
<thead>
<tr>
<th>Date approved</th>
<th>Date Policy will take effect</th>
<th>Date of Next Review</th>
</tr>
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<tr>
<td>Approved by</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custodian title &amp; e-mail address</td>
<td>Senior Financial Accountant</td>
<td><a href="mailto:Harvinder.Singh-1@uts.edu.au">Harvinder.Singh-1@uts.edu.au</a></td>
</tr>
<tr>
<td>Responsible Division</td>
<td>Financial Services Unit</td>
<td></td>
</tr>
<tr>
<td>Supporting documents, procedures &amp; forms of this procedure</td>
<td>Register of Standing Delegations</td>
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<td>Key References &amp; Legislation</td>
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<tr>
<td>Audience</td>
<td>Staff Intranet - UTS Staff Only</td>
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<td>Expiry date</td>
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1 Introduction / Background

UTS’s investment objectives require a disciplined, consistent management philosophy, which protects the assets of the UTS and maintains sufficient liquidity to meet expected future needs while at the same time deriving an acceptable rate of return.

The university’s investment powers are primarily governed by the University of Technology, Sydney (Investment Powers) Order 2002. The order outlines the type of investments the university may enter and lists investments types which can be invested directly by the university and those which require a government approved funds manager.

2 Investment Overview

The Finance Committee makes decisions on the structure of the investment portfolio for the university in accordance with the requirements of University of Technology, Sydney (Investment Powers) Order 2002. The Order specifies the investment types which can be entered into directly by the University and those investments which require placement by a funds manager. Investments types that do not require a funds manager are as follows;

a. Deposits with a bank or the Treasury Corporation or deposits with or withdrawable shares in a building society or credit union (not including certificates of deposit or transferable securities),

b. Investments in an Hour-Glass investment facility of the Treasury Corporation (being a facility under which the Treasury Corporation accepts funds on behalf of the Crown in right of New South Wales and public or other authorities for investment by fund managers approved by the Treasury Corporation),

c. Investments in an Hour-Glass investment facility of the Treasury Corporation (being a unit trust scheme within the meaning of the Duties Act 1997),

d. Investments with, issued by, or guaranteed by, the Government of New South Wales or an eligible entity which is the Government of any other State or of the Commonwealth or of a Territory,

e. Bills of exchange that have been accepted by a bank, building society or credit union,

f. A loan to an eligible entity that is a dealer in the short term money market and in relation to which, at the time the loan is made, the Reserve Bank of Australia stands as lender of last resort,

g. Certificates of deposit issued by a bank, building society or credit union,

2.1 Governance

The UTS Finance Committee has the power to execute investment decisions and is responsible for monitoring the performance of the UTS investment portfolio.

2.2 Funds Manager

Certain investment products require a funds manager as per the conditions set out in University of Technology, Sydney (Investment Powers) Order 2002. Macquarie Investment Management Limited is the currently approved UTS funds manager.
For investments which require a funds manager, the Vice Chancellor or the Deputy Vice Chancellor (Resources) has the authority to issue standard settlement instructions to the university’s approved funds manager as appointed in accordance with the UTS Act and the University of Technology, Sydney (Investment Powers) Order 2002 (Register of Delegations 1.10 Investments).

2.3 Direct Investments
Investments in instruments (e.g. term deposits and bank accepted commercial bills) that do not require a funds manager, will be managed by the CFO in accordance with the Investment and Reporting Instructions listed in Appendix A. These instructions may change from time to time subject to approval of the Finance Committee.

3 Scope / Purpose
The Investment Procedure provides the framework for UTS’s investment portfolio. The objectives of this Investment Policy are to:

- Set guidelines for the investment of UTS’s funds;
- Outline the responsibilities of the investment team (including delegations of authority and responsibilities for execution of investment activities and transactions);
- Outline how the investment team monitors and reports on the performance of UTS’s investment portfolio.

4 Flowchart - Structure

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Investment Reporting Framework

Finance Committee

The Finance Team reports to the Finance Committee on a monthly basis

Senior Financial Accountant
Harvinder Singh

Finance Manager
Stephen Vella

Chief Financial Officer
Frank Laezza
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5 Instructions

5.1 Delegations of Authority
Officers exercising investment functions within UTS are required to have strict regard to the precise responsibilities entrusted to them and to the monetary limits applicable. The investment functions are included in and form part of the UTS’s Financial Delegations of Authority. The Financial Delegations of Authority are acted in accordance to the investment policies and procedures approved by the Finance Committee.

5.2 Investment instructions

1. The Finance Committee makes decisions on the type of financial products the University will invest in accordance with University of Technology, Sydney (Investment Powers) Order 2002.

2. Finance Committee approves the counterparties in which UTS can invest, sets monetary limits and the term of investments. The current approved counterparties and limits are listed on Appendix A of this procedure.

3. Within those limits rate of return is to be maximised. The Chief Financial Officer is the delegated authority to alter the balance between approved investments with the prior approval of the Deputy Vice-Chancellor (Resources).

4. The Vice-Chancellor or the Deputy Vice-Chancellor (Resources) have authority to issue standard settlement instructions to the UTS’s approved funds manager, as appointed in accordance with the UTS Act, Schedule 2 and Council’s Investment instructions.

5. The Deputy Vice-Chancellor (Resources) has responsibility of the opening and closing of bank accounts including term deposits and bank bills.

5.3 Investment Transactions and Activities
Investment transactions are evidenced and substantiated by properly authorised supporting documentation. The Financial Delegations of Authority applicable to investment activities operate at all times within the investment policies and guidelines approved by the Finance Committee.

Any two of the Chief Financial Officer, the Finance Manager, the Senior Financial Accountant, the Manager Strategic Planning and Budgeting and the Manager Strategic Finance, acting jointly have the authority to;

1. Place funds from the UTS’s operating bank account to the UTS on call account;

2. Recall funds from the UTS on call account to the UTS’s operating bank account;

3. Place funds from the UTS’s operating bank and/or UTS on call account to a Term Deposit or Bank Bill, with the prior approval of the Deputy Vice-Chancellor (Resources) and the Chief Financial Officer.

4. Recall funds from a Term Deposit or Bank Bill to the UTS’s operating bank and/or UTS on call account with the prior approval of the Deputy Vice-Chancellor (Resources) and the Chief Financial Officer.

For Investments placed through a funds manager;

5. Recall funds from the approved funds manager to the UTS’s operating bank account, in accordance with the standard settlement instructions; and
6. Place funds from the UTS’s operating bank account to the approved funds manager, in accordance with the standard settlement instructions.

For this delegation, the general principle that the delegate’s supervisor can exercise a delegate’s delegation does not apply.

6  Cash flow Management
The Senior Financial Accountant is responsible for preparing and monitoring the liquidity position on a daily basis. A principal bank account is held with the Commonwealth Bank, where the daily position determines if any surplus funds will be transferred to the investment portfolio as contributions. Conversely, if additional liquidity is required, the redemption of funds will be requested.

7  Reporting
The Senior Financial Accountant is responsible for preparing the monthly cash flow report which lists the actual cash position by month together with the forecasted position to the end of the reporting year.

8  UTS Management Reporting
Internal reports are prepared on a monthly basis for review by the UTS Finance Committee. The reports provide a brief summary of investments including counterparty Standard & Poor’s Rating, monetary limit, monies outstanding, Term, Return. Refer to Appendix A for further details.

9  Roles & Responsibilities
The main tasks the key persons responsible for managing UTS investments are:

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
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<tbody>
<tr>
<td>Senior Financial Accountant</td>
<td>• Initiate redemptions/contributions when required</td>
</tr>
<tr>
<td></td>
<td>• Processing monthly investment journals</td>
</tr>
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<td></td>
<td>• Reporting fund performance to senior executive via quarterly management pack and information as requested for senior management and finance committee.</td>
</tr>
<tr>
<td></td>
<td>• Process the monthly interest distribution and reconciliation for TCorp</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>• Initiate redemptions/contributions when required</td>
</tr>
<tr>
<td></td>
<td>• Approves recall and placement of funds with Finance Committee approved counterparties</td>
</tr>
<tr>
<td>Finance Manager</td>
<td>• Initiate redemptions/contributions when required</td>
</tr>
<tr>
<td>Deputy Vice Chancellor (Resources)</td>
<td>• Opening/closing of bank accounts</td>
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<td>• Approves recall and placement of funds with Finance Committee approved counterparties</td>
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## 10 Version Control Table

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<th>Amendment</th>
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<td>Include any superseded procedures and what the amendment is to the document.</td>
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<td>7th May 2009</td>
<td>Finance Committee - OOS-1 dated 7 May</td>
<td>Increased investment limits to Appendix 1</td>
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<td>28th July 2009</td>
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<td>Increased investment limits to Appendix 1</td>
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11 Appendix A - Investment and Reporting Instructions

Investments Instructions

Bank counterparties and limits are as follows:

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<tr>
<th>COUNTERPARTY</th>
<th>LIMIT</th>
<th>MAXIMUM TERM</th>
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<tr>
<td>Australia and New Zealand Banking Group Limited</td>
<td>A$200 million</td>
<td>1 Year</td>
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<tr>
<td>Commonwealth Bank of Australia</td>
<td>A$200 million</td>
<td>1 Year</td>
</tr>
<tr>
<td>National Australia Bank Limited</td>
<td>A$200 million</td>
<td>1 Year</td>
</tr>
<tr>
<td>Westpac Banking Corporation</td>
<td>A$200 million</td>
<td>1 Year</td>
</tr>
<tr>
<td>Macquarie Bank Limited</td>
<td>A$5 million</td>
<td>1 Year</td>
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Counterparty limits are subject to a maximum of 80% of university investment funds with any one of the four major banks at the time of investing.

Limits for approved counterparties applies to the total of operating bank accounts, on call accounts, Term Deposits and Bank Bills.

Reporting Instructions

Report to each Finance Committee the total exposure to each counterparty as at reporting date as follows:

Counterparty, Limit, Exposure by term and return, total exposure, limit remaining, S&P rating.