

## ucisa

Charity Registration Number: 1161218

Date of Investment Policy Statement: 24th January 2019

### 1. Introduction

- 1.1 ucisa is an incorporated charity established by TrustDeed, whose purpose is to promote and advance education for the public benefit in information systems and digital technologies and their use in education and research.
- 1.2 The financial objective of ucisa is to at least maintain the real value of the assets whilst generating a stable and sustainable return to fund its purpose. The inflation measure most relevant to ucisa's expenditure is the Retail Price Index.
- 1.3 ucisa has just under £2m of investment assets, 100% of which is held in the COIF Charities Deposit Fund. These are the bulk of the charity's assets and finance ucisa's requirements that are in excess of the surplus made through operating activities.
- 1.4 The trustees of ucisa have delegated decision making on investment matters to the investment committee.

### 2. Investment Objectives

- 2.1 ucisa seeks to produce the best financial return within an acceptable level of risk.
- 2.2 ucisa's investment objective is to generate a return of inflation plus a small excess per annum over the long term, after expenses. This should allow ucisa to at least maintain the real value of the assets, whilst funding annual expenditure in excess of the operating surplus per annum. To this end, ucisa has short and longer term investment objectives
  - Short term: an investment approach which gives priority to security of the principal deposit over protection against inflation
  - Longer term: generating the investment return from capital reserves which exceeds the rate of inflation. It is expected that if in any one year the total return is insufficient to meet the investment objective, in the long term the real value of ucisa will be maintained in accordance with this investment objective.

### 3. Risk

#### 3.1 Attitude to risk

ucisa does not rely on investment income to fund its normal operational activities which support its purpose. However, it seeks to maximise the return on investment while maintaining a low appetite for risk. The key risk to the long term sustainability of ucisa is inflation, and the assets should be invested to mitigate this risk over the longer term. The trustees understand that this is likely to mean that investment will be concentrated in assets for which the capital value will fluctuate.

The trustees are able to tolerate moderate to low volatility of the capital value of ucisa's assets, as long as ucisa is able to meet its short term commitments through either income or liquid capital assets.

### 3.2 Assets

ucisa's assets comprise a significant proportion of cash which can be invested widely and should be diversified by asset class, by manager and by security. Asset classes could include cash, bonds, equities, property, hedge funds, structured products, private equity, commodities and any other asset that is deemed suitable for the Foundation.

The investment committee is charged with agreeing a suitable asset allocation strategy with the investment managers, which is set so as to achieve the overall investment objective to support the purpose of ucisa.

The trustees do not wish to invest assets in property, given the investment objectives and the attitude to and appetite for risk.

### 3.3 Currency

The base currency of the investment portfolio is Sterling.

Investment may be made in non-Sterling assets, but should not exceed 40 % of the total investment portfolio value.

Hedging is permitted.

### 3.4 Credit

The ucisa's cash balances should be deposited with institutions with a minimum rating of A- or invested in a diversified money market fund.

Deposits should be spread by counterparty, subject to a maximum exposure of £200k per institution.

Bond exposure should be focused on investment grade issuers.

## 4. Short term liquidity requirements

4.1 ucisa aims to continue its investment in modernising its operations in the spirit of continuous improvement in order to generate and provide high value to its members. To this end, for the short term, ucisa has budgeted for expenditure of up to £200k including the grant of Bursaries of some £50k per annum, in excess of annual operational surplus. This will be funded from capital.

4.2 In order to fulfill ucisa's short term liquidity requirements the trustees wish to keep at least 25 % [at current value = £475k] of the assets in investments that can be realised within three months.

4.3 To allow for volatility of capital values, the trustees wish to maintain at least 2 yearsworth of budgeted operational expenditure in cash or lower risk liquid investments.

4.4 A minimum of 5 % [at current value = £95k] of the total assets [at current value = £1.9m] should be kept in cash or near cash investments at all times.

## 5. Time Horizon

5.1 ucisa is expected to exist in perpetuity and investments should be managed to meet the investment objective and ensure its sustainability.

5.2 ucisa can adopt a long term investment time horizon for assets in excess of its short term liquidity requirements [at current value = £1.3m].

## 6. Ethical Investment Policy

- 6.1 ucisa assets should be invested in line with its aims. The trustees do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with ucisa's purpose.

## 7. Management, Reporting and Monitoring

- 7.1 ucisa has appointed a professional investment management firm to manage the assets on a discretionary basis in line with this policy. Investment managers provide custody of assets. Managers are required to produce a valuation and performance report quarterly. ucisa has nominated a list of authorised signatories, two of which are required to sign instructions to the investment manager.
- 7.2 The investment committee has responsibility for agreeing strategy and monitoring the investment assets. The committee meets six monthly to review the portfolio, including an analysis of return, risk and asset allocation. Performance will be monitored against agreed market benchmarks, and against the investment objective of inflation plus 4% over the long term.
- 7.3 The investment manager is required to present to the investment committee on a six monthly basis.
- The investment committee is to report formally to the full trustee board on at least an annual basis. This report should include a review of asset allocation strategy, performance, risk profile and consistency with long term investment objective.

## 8. Approval and Review

This Investment Policy Statement was prepared by the investment committee of ucisa to provide a framework for the management of its investment assets. It will be reviewed on an annual basis to ensure continuing appropriateness.