



1. Introduction

1.1 Overview

This document sets out the investment policy of Lord's Taverners ACT (LT ACT). It seeks to outline a philosophy and attitude that will guide investment management.

1.2 Purpose

The purpose of this document is to:

- establish a framework for management of investments;
- define and assign responsibilities;
- set out LT ACT's investment objectives and risk appetite;
- provide guidance to investment advisers;
- establish a basis for evaluating investment results; and
- ensure that LT ACT's assets are managed prudently.

1.3 Scope

The policy and procedures outlined in this document apply to all investments made on behalf of LT ACT.

1.4 Legislative/Regulatory Requirements

The Australian Charities and Not-for-profits Commission (ACNC) permits charities such as LT ACT to invest their funds, subject to the following general guidance:

- When planning to invest money, charities must consider how the funds will ultimately further their charitable purposes.
- It is good practice for charities to seek appropriate financial advice about investments.
- A charity should invest its funds as a part of a financial management plan that includes risk management policies and procedures.
- A charity can invest its funds by purchasing bonds, stocks or term deposits. However, high risk investments are generally not appropriate for charities.
- Any investment decisions must comply with the requirements ACNC governance standards.



1.5 Responsibilities

The Committee is responsible to:

- maintain and grow LT ACT's assets in a way that balances charitable objectives and LT ACT's long-term viability;
- ensure that an appropriate investment policy is in place and relevant to LT ACT's circumstances and the investment environment;
- set investment objectives and risk appetite;
- oversee the Investment Sub-committee;
- approve the investment plan;
- approve the appointment of an Investment Advisor; and
- monitor investment performance.

The Investment Sub-committee is responsible to:

- advise the Committee on investment policy;
- advise the Committee on the proportion of LT ACT's funds that should be set aside for investment;
- recommend an Investment Advisor to the Committee;
- in consultation with the Investment Advisor, develop the investment plan;
- through the Investment Advisor, manage LT ACT's investments; and
- report investment performance in accordance with the Committee's requirements.

The Investment Advisor is responsible to:

- advise the Investment Sub-committee on investment matters, including investment objectives, risk appetite, the investment plan and the choice of investments;
- manage LT ACT's investments in accordance with this policy and the investment plan;
- report immediately to the Investment Sub-committee on proposals for significant changes to the investment portfolio; and
- report investment performance in accordance with the requirements set out below.



2. Definitions

Aggressive Investment	An investment that emphasises capital appreciation as a primary investment objective, rather than income or safety of principal.
Committee	The Committee of LT ACT.
Defensive Investment	An investment that emphasises safety of the principal as the primary investment objective, rather than capital appreciation.
Investment Advisor	A licensed individual or organisation engaged to provide investment advisory and management services.
Investment Advisor Risk	The risk to LT ACT's assets arising from engaging a disreputable or incompetent investment advisor.
Investment Sub-committee	A minimum of three members of the LT Committee, always including the Treasurer, appointed by the LT Committee.
Investment Risk	<p>The risk arising from making investments. While there are many types of investment risk, LT ACT is particularly mindful of the following:</p> <ul style="list-style-type: none">• Market risk is the risk of losses due to factors affecting the overall markets in which LT ACT is involved; and• Liquidity risk is the risk that LT ACT may be unable to meet short-term financial demands due to the inability to convert investments to cash without a loss of capital and/or income.
Operational Risk	Operational risk is the risk of failure of LT ACT's internal systems and controls, arising principally from varying and often limited understanding of financial matters amongst Committee members.
Reputational Risk	Reputational risk is the risk to LT ACT's reputation arising from being associated with socially irresponsible, unethical or poorly governed companies.



3. Policy

The LT ACT Committee is responsible for maintaining and growing LT ACT's assets in a way that balances charitable objectives and LT ACT's long-term viability. As part of this stewardship, the Committee will set aside funds for investment, acknowledging that in the short term this will mean withholding some potential charitable disbursements.

The Committee's broad investment aim is to maximise earnings from its investments while remaining within the Committee's investment risk appetite.

The Committee will establish and maintain an Investment Sub-committee to manage investments on the Committee's behalf.

3.1 Investment Risk Appetite Statement

The Committee will develop its investment plan on the basis of the following risk appetite statement.

- Mindful that LT ACT is a not-for-profit entity, and that its funds are hard won, the Committee will not pursue wholly aggressive investment strategies. Conversely, mindful of its responsibility to preserve and grow LT ACT's assets, the Committee will not pursue wholly defensive investment strategies. The Committee is prepared to accept moderate market risk and will manage such risk by engaging an appropriately qualified and licensed Investment Advisor and specifying a maximum ratio of aggressive to defensive investments that must not be exceeded unless explicitly authorised by the Committee.
- The Committee has a low tolerance for operational risk. It will mitigate such risk by monitoring the Investment Sub-committee's work closely, insisting on strict adherence to investment plans, and regularly reviewing investment policies. It will take particular care to ensure that investment recommendations originate from an Investment Advisor, not Committee members, and avoid giving Committee members authority to select individual investments such as shares.

3.2 Investment Objective

LT ACT's Investment Objective is to grow its investments to the point where LT ACT is not wholly reliant on its other annual income (eg membership fees, donations, fund-raising proceeds, sponsorship) to fund its charitable disbursements. The Committee envisages that, eventually, the capital base will generate sufficient interest to enable either a reduction in annual fundraising effort, or an increase in the quantum of charitable disbursements, or both.



4. Procedures

4.1 General

The Investment Sub-committee will investigate investment options and make recommendations to the Committee in the form of an investment plan as part of the Annual Business Plan. The investment plan must conform to the Committee's investment policy and any other guidance provided by the Committee and must be reviewed annually.

The Investment Sub-committee will recommend to the Committee an independent Investment Advisor to advise on investment matters generally and manage LT's investments.

The Investment Sub-committee will meet with the Investment Advisor at least annually to discuss the performance of the investment portfolio and consider adjustments as necessary. The Investment Sub-Committee will, in turn, report to the Committee at least annually.

4.2 Guidance for development of the investment plan

The investment plan should ensure that:

- investments create capital growth; and
- there is the flexibility to draw down cash for unforeseen expenses at three (3) months notice.

The investment plan must:

- ensure that investments are made in ventures that provide security of capital over the medium to long term; and
- be mindful of LT ACT's social and ethical responsibilities.

5. Related documents

This policy should be read in conjunction with:

- the Constitution of LT ACT and
- LT ACT Sponsorship Policy.