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Background

The role of the Finance, Audit and Risk Management (FARM) Committee is to exercise governance responsibilities with respect to the College’s financial and business affairs, including monitoring of risk and financial performance.

The Committee acts as an advisory body to the Board in relation to financial compliance, accountability, and strategic financial reporting and oversees and monitors the College’s audit and risk management processes, including the College’s internal control activities and Investment Portfolio.

1. Purpose

The Investment Policy is designed to ensure the stewardship of RANZCP Investment Portfolio.

The funds are to be managed and invested in alignment with RANZCP’s mission and to ensure the financial sustainability and stability of the College.

RANZCP has two investment vehicles - the RANZCP Investment Portfolio and the RANZCP Foundation Fund - which have differing investment objectives and asset allocations for the respective funds.

This Investment Policy outlines the parameters and investment objectives for the management of RANZCP’s Investment Portfolio.

2. Parameters

2.1. Alignment

The Investment Portfolio is designed having consideration for the risk appetite, income and capital objectives of the RANZCP Board.

2.2. Risk Appetite Continuum

The Investment Portfolio is designed having consideration for the risk appetite, income and capital objectives of the RANZCP Board.

Risk Category	Pursue	Actively Manage	Minimise	Avoid
Investment <i>Risks relating to investment governance and decision making and investment activities seeking higher risk-adjusted returns.</i>				
	Pursue	Actively Manage	Minimise	Avoid
Risk Tolerance (individual risk) <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: red; color: white; padding: 2px 5px;">High</div> <div style="background-color: yellow; padding: 2px 5px;">Moderate</div> <div style="background-color: green; color: white; padding: 2px 5px;">Low</div> </div> <i>Note: Management assesses risk on a quarterly basis and the understanding of actual risk rating relative to the risk appetite.</i>	Willingly pursue risk for reward.	Receptive to taking risk if expected reward warrants, within pre-defined limits.	Preference for minimal risk, strong focus on effective controls.	Avoid risk where possible or take all possible measures to prevent risk event occurring.

2.3. Corporate Governance

This policy confirms a robust and considered Investment Policy for the College. The Policy articulates the authorities and responsibilities to manage risk and provides confidence to stakeholders.

2.4. Evidence of Prudence

Documented investment governance demonstrates our ‘prudent’ investment management principles and processes.

The *'Prudent Person'* rule states:

Investments shall be made with judgement and care, under circumstances prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

2.5. Continuity

The continuity of the Investment Policy during times of RANZCP Board, FARM and Investment Subcommittee personnel change is important. Also, the Investment Adviser changes over time. Similarly, the Investment Policy will focus on long-term investment objectives through all investment market environments.

2.6. Framework to review the philosophy, portfolio objectives and Investment Adviser

This document is a reference point for reviewing the organisation's investment philosophy, the portfolio objectives and to evaluate the performance of the Investment Adviser.

2.7. Responsible Investment

The RANZCP Board has determined that the assets of the Investment Portfolio are managed in accordance with the RANZCP's values and aligned with best practice corporate governance, responsible and ethical investment underpinned by our vision and the stakeholders we seek to represent. The RANZCP will incorporate environmental, social and governance principles into its investment analysis and decision-making processes.

3. Governance

RANZCP's funds are managed by Board which has delegated authority as Company Directors for overseeing RANZCP's funds and investment affairs to the Finance, Audit & Risk Management Committee (FARM) of Board.

3.1. Financial, Audit & Risk Management Committee (FARM)

The FARM Committee is responsible for:

- Establishing, reviewing and recommending to the Board the Investment Policy and Investment Advisers
- Ensuring compliance with this Policy
- Advising Board in relation to this Policy
- Ensuring RANZCP meets the RANZCP's Environmental and Social Governance requirements stated in this Policy
- Issuing clear instructions to Investment Advisers
- Overseeing the implementation of the Investment Policy
- Reporting to Board on compliance with Investment Policy, management of investment risk, performance of investments and performance of Investment Advisers.

3.2. Investment Subcommittee

Reporting to FARM, the Investment Subcommittee oversees the College's Investment Portfolio and performance and implements the Investment Policy.

The Subcommittee comprises the Finance, Audit and Risk Management Committee Chair and two members. The Investment Subcommittee is a sub-committee of the (FARM) Committee and meets when:

- a) the Investment Manager makes an investment recommendation or recommends a change to the Policy

- b) FARM or Board requests a review of the Investment Portfolio or this Policy and
- c) As required by Board or FARM.

3.3. Conflict of Interest

Board must exercise the prudent person test in dealing with the investments and distributions. Any director or staff member who has a real or perceived conflict of interest or potential conflict of interest in relation to the investments and financial management of the organisation's fund must disclose such conflict to the Chair of Board/Board as per the RANZCP Conflict of Interest Policy.

The Board has determined that the assets of the Investment Portfolio are to be managed in accordance with RANZCP's stated values and aligned with the interest of key stakeholders.

3.4. Integration of RANZCP's Environmental and Social Statement (ESS)

Based on the available evidence the Board believe that environmental and social factors should be considered as part of the investment research, analysis, and the selection process. The integration of environmental and social factors should over the long term allow for better risk management and hence drive investment performance. Environmental and social factors should not be used as a proxy for ethical or values-based exclusions.

The selected Investment Adviser will include the RANZCP Environmental and Social Statement (ESS) and provide RANZCP with a document outlining how the ESS has been integrated into the investment analysis and selection process.

3.5. Integration of Ethical Considerations and Responsible Investing

The Board understands and accepts that the exclusion of industries, specific stocks or funds has the potential to limit the investment universe available to the Investment Adviser, and as such, the potential to negatively affect the risk adjusted return generated by the portfolio.

RANZCP will not knowingly invest in an organisation that operates at the expense of the environment, human rights, the public safety, and the communities in which the organisation conducts its operations or the dignity of its employees. There should also be no investment in any organisation with a MSCI (or similar) ESG rating below BBB.

Specifically, there will be no investments made in companies where more than 5% of their sales revenue is derived from the activities listed below (as measured by the MSCI ESG Manager platform or similar).

- Alcohol (any tie)
- Armaments and Military (any tie)
- Fossil Fuels (any tie)
- Gambling (any tie)
- Personal service i.e. brothels (any tie)
- Pharmaceuticals (any tie)
- Pornography (any tie)
- Prisons (any tie) and
- Tobacco (any tie).

There is also to be no investment in any health care related stocks that may have an interest in or has sales related to the Psychiatric Industry.

It is important to note that the above criteria will significantly reduce the available investment universe for the RANZCP, particularly Real Assets and Equities asset classes.

3.6. Annual Statement

The Investment Advisers will provide an annual statement to FARM of how the Investment Adviser supports the RANZCP's environment and social governance and ethical requirements.

4. Delegations of authority & responsibility

4.1. RANZCP Board

The Board retains ultimate responsibility for the proper management of the investments of RANZCP. Specifically, Board is required to:

- a) Determine the operational requirements with respect to the investment pool (i.e. purpose for funds)
- b) Ensure that RANZCP has an appropriate investment policy in place at all times, taking into consideration operation requirements, stakeholder requirements, risk profile and other requirements of Board, governance and legal requirements. Board is required to approve all changes to the Investment Policy
- c) Ensure that appropriate delegations of authority & responsibility and appropriate processes & procedures are in place with respect to this policy
- d) Appoint members to the FARM Committee to oversee communication and compliance with the Investment Policy
- e) Approve the appointment of an Investment Adviser upon recommendation by FARM
- f) Approve investment objectives, asset allocation benchmarks and tolerance bands
- g) Approve any Investment Adviser recommendations that will result in a variation of investment policy and
- h) Board is ultimately responsible to set, review and amend the spending or draw down policy, i.e. determine how much of the income or realised gains will be used for specific expenditures by RANZCP.

4.2. The FARM Committee and Delegated Person

The FARM Committee is delegated the responsibility to ensure that an appropriate investment policy is in place and complied with.

The FARM Committee is responsible for the following:

- a) Selection of the Investment Adviser for Board approval
- b) Reviewing the Investment Policy at regular intervals and present any recommended changes to Board for endorsement
- c) Recommend to Board investment objectives, appropriate benchmark asset allocations and tolerance bands for the investment pool (the Investment Adviser will make recommendations for consideration of the FARM Committee)
- d) Where Board wishes to consider alternatives to the current Investment Adviser, complete due diligence on potential Investment Advisers will occur and a short list or final recommendation will be provided to Board
- e) Reviewing ongoing investment performance and consider performance relative to generally accepted industry benchmarks. The review should also consider reported compliance breaches and a check to identify any unreported breaches. Report results of the review to Board
- f) Responding to Investment Adviser recommendations and requests for information in a reasonable timeframe

- g) Respond to Board decisions and requests for information in a reasonable timeframe and
- h) Selecting an Investment Subcommittee made up of the FARM Chair and two Members.

4.3. Investment Subcommittee

The Investment Subcommittee is responsible for the following:

- a) Consider changes to the Investment Policy and any Investment changes from the Investment Adviser and recommend to FARM and changes and
- b) Recommending to FARM on any changes or selection of a new Investment Adviser.

4.4. Delegation to CEO and CFO

Management of the Investment Portfolio is delegated to the CEO and CFO who are responsible for the day-to-day administration on behalf of the FARM Committee. It is Management's responsibility to:

- a) Arrange for investment performance reports for the FARM Committee, Foundation Board and Board
- b) Arrange for investment compliance reports for the FARM Committee and Board
- c) Approve Investment Adviser recommendations regarding term deposit rollovers within the cash component of the Investment Portfolio (that do not require FARM Committee approval) and
- d) Managing the relationship with the Investment Adviser.

4.5. The Investment Adviser

The Investment adviser is responsible for the following:

- a) Compliance with Investment Policy to be maintained at all times based on available information at time of reviews. Should a breach occur due to a corporate action (e.g. company takeover) the Investment Adviser will inform the FARM. Refer to Breach Policy. Any variations are to be approved by the FARM Committee
- b) Management of RANZCP Investment Portfolio with due care and compliance with relevant regulations and legislative requirements
- c) Reporting any compliance breaches to the FARM Committee and Board
- d) Designing and recommending asset allocation benchmarks and tolerance bands that will deliver the requirements of the investment policy for approval by Board
- e) Preparing portfolio investment statements, portfolio review reports (including recommendations and review of performance during prior period) for the FARM Committee, Foundation Board and Board
- f) Implementing recommendations after appropriate approvals received from the FARM Committee or Board
- g) Provide an annual statement to FARM of how the Investment Adviser supports the RANZCP's environment and social governance and ethical requirements and
- h) Responding to all requests for information from RANZCP management, the FARM Committee or Board within a reasonable timeframe.

5. Process and procedures

5.1. Appointment of Investment adviser

Investment Adviser(s) for the purpose of this Policy are defined as approved organisations mandated to invest funds on behalf of RANZCP.

Where Board has elected to terminate the current adviser or assess the alternatives available, the Investment Subcommittee will select for recommendation an Investment Adviser as per the following process:

- a) Seek a proposal from at least three Investment Advisers
- b) Review each proposal, and invite a shortlist of at least two Investment Advisers to present to the FARM Committee and
- c) Following Investment Adviser presentations, the FARM Committee will make a recommendation to Board of the preferred Investment Adviser.

5.2. RANZCP's Investment Adviser selection criteria

The applicant will:

- a) Hold an Australian Financial Services License
- b) Provide evidence of being in a sound financial position as required by Board and be able to show a minimum of 3 years measured financial performance
- c) Have appropriate professional indemnity insurance cover and provide evidence of such cover upon request
- d) Demonstrate an understanding of the requirements of both social enterprise organisations generally and specifically the RANZCP
- e) Demonstrate a strong understanding of the requirements of a fiduciary and 'prudent person' principles
- f) Demonstrate they are able to deliver an appropriate service to RANZCP. This includes both the investment management credentials/expertise and the ability to deliver a high-quality service to the RANZCP
- g) Demonstrate a long-term track record in constructing portfolios (in asset classes relevant to the RANZCP). Attention is to be paid to risk management and return
- h) Be a high-quality adviser at a reasonable price (in alignment with our fiduciary duty) and not necessarily the lowest cost adviser
- i) Quote transparent fees on a 'total cost of investing' basis (including adviser, platform and underlying investment expenses). Transaction costs on underlying investment will be quoted per transaction and also converted to an annual estimate based on historical portfolio turnover.

Entry / Exit Fees

- The RANZCP portfolio is entirely direct investments which does not attract any entry, exit, performance or transaction fees
 - Managed Funds do have entry / exits fees (or spreads)
- j) Have strong communication skills and processes together with the effective reporting to allow the FARM Committee and Board carry out their responsibilities.

5.3. Portfolio Review

The Investment Adviser will, on a six-monthly basis, review the portfolio and provide an Investment Adviser Report containing recommendations and performance analysis to the CFO. Once the CFO has reviewed the Report is tabled at the next FARM Committee meeting.

The review will take place in May and November.

The Investment Adviser will provide a report including the following:

- a) Portfolio recommendations including rationale for recommendations

- b) Performance of the portfolio compared to the portfolio objectives as stated in the investment policy
- c) Performance of the portfolio compared to benchmarks appropriate for the agreed asset allocation
- d) Update on current influences on investment markets, for example, where there are global events and conditions where a better understanding can assist FARM and Board to understand the possible impact on the portfolio
- e) Provide specific information on where and why the portfolio may have deviated from its targeted allocation and particularly the volatility of returns
- f) The returns are to be stated relative to the pre-stated benchmark within each asset class and with respect to the blended return based on the average weighting of the asset classes in the nominated period
- g) Review the benchmark asset allocation and tolerance bands and recommend updates
- h) Report breaches of investment policy objectives, investment restrictions, or breaches of agreed asset allocation tolerance band during the review period
- i) Report breaches that would occur if the current recommendations were approved and
- j) Analysis of factors contributing to under performance and out performance within the investments and asset classes that form the portfolio.

The Investment Adviser will present each portfolio review in person (in RANZCP office or via teleconference) to the RANZCP Board, FARM Committee and Foundation Committee.

Between investment reviews, the Investment Adviser will monitor the portfolio on an ongoing basis. Where events require action on the portfolio, the Investment Adviser will make one-off recommendations or instigate a full portfolio review as required.

The FARM Committee will discuss the recommendations made by the Investment Adviser and, provided agreement is reached, approve investment recommendations that do not breach the asset allocation tolerance bands or Investment Policy guidelines.

The FARM Committee will, on an annual basis, on receipt of the report from the Investment Adviser, review the performance of the Investment Portfolio as assessed against the following:

- a) Performance of the portfolio compared to the portfolio objectives as stated in this Investment Policy
- b) Performance of the portfolio compared to benchmarks appropriate for the agreed asset allocation
- c) Any breaches of Investment Policy objectives or portfolio restrictions and
- d) Any breaches to agreed asset allocation tolerance bands.

5.4. Administration and Reporting

The Investment Adviser will hold all assets on an RANZCP approved administration platform allowing ease of portfolio administration and safe custody of all assets.

Investment adviser reporting requirements (including monthly, six-monthly performance reports) include:

- a) Online portfolio access
- b) Client relationship manager access within business hours
- c) Investment reports containing portfolio value, asset allocation, list of investment including values, estimated income, and transactions during the period

- d) Reporting of income (interest, rents, dividends excluding capital profits from managed funds) on an annual basis and
- e) Tax reporting for refunds of franking credits.

The FARM Committee will provide the Board with the following as it relates to the Investment Portfolios:

- a) Minutes of FARM Committee meetings including all resolutions
- b) The results of the six-monthly investment performance review
- c) The results of the annual Investment Adviser review
- d) The recommended Investment Policy update for Board endorsement
- e) The recommended or updated asset allocation benchmarks and tolerance bands
- f) Investment adviser reports and
- g) Relevant information for Board to remain informed and up to date about RANZCP's Investment Portfolio and returns.

6. Investment assets

RANZCP's investment assets for the purposes of this policy are defined as the College's investment portfolio that is held with its Investment Adviser via a multi asset investment platform.

7. Investment philosophy

The RANZCP is considered by members as a prudent financial steward. The RANZCP takes a long-term balanced approach to its investment assets to achieve the College's primary investment objectives, which are defined in section 9.

The 'Prudent Person' standard will be used to guide RANZCP in managing the overall investment program.

8. Investment portfolio objectives

8.1. RANZCP Investment Portfolio

- To generate a total return in excess of CPI + 3% (the primary benchmark) from a prudent diversified portfolio of investments in excess of the primary benchmark over a rolling seven-year period
- To maintain the real value of the College's investment assets over time
- To minimise the risk of permanent capital loss and
- Manage investment risk consistent with the asset allocation and risk control requirements in this policy.

8.2. RANZCP Foundation Fund

- To generate a total return in excess of CPI + 2% (the primary benchmark) from a prudent diversified portfolio of investments in excess of the primary benchmark over a rolling seven-year period
- To provide annual distributions to the Foundation as determined by the RANZCP Foundation Committee
- To maintain the real value of the Foundation's investment assets over time
- To minimise the risk of permanent capital loss and
- Manage investment risk consistent with the asset allocation and risk control requirements in this policy.

9. Asset class benchmarks

The following benchmarks are to be utilised for performance measurement of the underlying individual investment asset classes.

Asset Class	Benchmark
Cash	Bloomberg AusBond Bank Bill Index
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
Equity – Domestic	S&P/ASX 200 Franking Credit Adjusted Daily Total Return Tax-Exempt Index
Equity – International	MSCI ACWI Gross Total Return AUD Index
Uncorrelated Strategies	CPI + 2%

10. Asset allocation

Asset allocation is core to managing risk as investments are subject to market conditions. Note that reference to 'Domestic Investments' include Australia and New Zealand.

Asset allocation is achieved through the setting of a strategic allocation based on stable economic conditions and where investment valuation is within its historic mean range. The range allows for the weighting to be varied in recognition of market conditions.

The asset allocation for RANZCP will be predicated on the following factors:

- The income tax exempt status of the RANZCP
- The time horizon for the pool of capital
- Historical performance of capital markets, adjusted for the perception of the future short and long-term capital market performance
- The correlation of returns among the relevant asset classes
- The perception of future economic conditions, including inflation and interest rate assumptions.
- Liquidity requirements for projected grants and other charitable expenditures and
- The relationship between the current and projected assets of RANZCP and projected liabilities.

10.1. RANZCP

	Strategic Asset Class Allocation	Allowable Investment Ranges
Defensive Assets	35%	
Cash	5%	2% to 30%
Government Bonds	0%	0% to 10%
Credit	30%	15% to 45%
Growth Assets	65%	
Real Assets*	0%	0% to 10%
Equities:	60%	
Domestic	15%	5% to 25%
International	45%	30% to 60%
Uncorrelated Strategies	5%	0% to 10%
Total	100%	

*Note: As at 30/9/2025. the RANZCP has approximately \$25m of office property assets across Australia and New Zealand. The RANZCP FARM and Board are reviewing the future of ownership of the assets and whether any sales proceeds are to be directed to operating cash or the Investment Portfolio.

10.2. RANZCP Foundation

	Strategic Asset Class Allocation	Allowable Investment Ranges
Defensive Assets	65%	
Cash	5%	2% to 30%
Government Bonds	0%	0% to 10%
Credit	60%	45% to 75%
Growth Assets	35%	
Real Assets*	0%	0% to 10%
Equities:	30%	
Domestic	10%	0% to 20%
International	20%	5% to 35%
Uncorrelated Strategies	5%	0% to 10%
Total	100%	

10.3. Definitions

a) Cash

Cash is a proxy for a capital stable riskless asset. It is not subject to the other identifiable risks that govern other asset classes. It does not have interest-rate (or 'duration') risk, therefore it cannot be classified as a government bond. It is not exposed to credit spreads, in the sense that when they widen, its capital value does not move. As such, it is not credit. Capital values are virtually 'riskless'. It is true that 'at call' or term deposits are theoretically subject to the credit worthiness of the issuing bank (or government, in the case of government guaranteed deposits) and rank behind some limited secured creditors in a wind-up. But in practice, it is insignificant in the context of total portfolio risk.

b) Government Bonds

All direct government bonds and semi-government bonds sit within this category, along with any diversified bond strategies with government bond style characteristics.

c) Credit

Credit is defined as any investment exposed to the credit risk of the issuer. This includes both the highest credit quality rated issuers, as well as investments that fall below investment grade, including high yield, emerging market bonds and private credit opportunities (although RANZCP do not invest in these as defined within the Investment Policy Statement). As such, there is a wide range of risk / return profiles across the strategies that fall within this category. Differentiation is not based purely on credit quality, but also takes into consideration geographic, industry, fixed-rate versus floating-rate and duration perspectives. As such the range of possible credit portfolios built via a combination of strategies is equally diverse. The credit segment of a portfolio with a capital defensive risk profile may well be very different to the credit component of a portfolio for an investor with a balanced growth risk profile.

d) Real Assets

Real assets bring together property and infrastructure into a single asset class. Real assets will include diversified listed Australian and Global Real Estate Investment Trusts (REITs) strategies, direct property (where that is the desire of the investor), and diversified listed and private infrastructure strategies. This category does not include

individual listed securities of companies (such as Goodman Group, or Transurban Group). This category is limited to diversified strategies, both listed and unlisted and public and private market investments, that we believe are likely to produce broadly similar risk and return characteristics to the specific benchmarks we have modelled within this asset class.

e) Equities – Domestic & Global

Whilst from a SAA modelling perspective we consider equities as a single globally focussed asset class (including private equity), we differentiate between Australian and global equity strategies. Equities are considered to be equity investments in companies whereby we participate in the economic performance of the underlying assets. The inclusion of private equity in these asset classes is a result of our desire to focus on the underlying economic risk factor of each investment. Whilst private equity can have very different risk and return characteristics to listed equities, particularly during short time periods, the underlying economic risk remains consistent.

f) Uncorrelated Assets

The uncorrelated strategies asset class is intended to represent exactly what is implied by the name - those strategies with little to no correlation to any of the other asset classes.

11. Allowable investments and restrictions

11.1. Allowable Asset Classes

Only investments in the following assets are permitted with respect to RANZCP ESG Framework and Ethical Considerations:

a) Cash:

- Cash deposits, Cash Management Trusts/investments backed by Australian licensed and regulated banks and deposit taking institutions with no less than an A- credit rating
- Foreign currency cash balances
- Term deposits with maturities less than 90 days and
- Exchanged Traded Funds & Managed Funds that are predominantly invested in these assets.

b) Government Bonds:

- Direct Commonwealth Government Bonds, Semi-Government Bonds, and Supranational Government Bonds and
- Exchanged Traded Funds & Managed Funds that are predominantly invested in these assets.

c) Credit:

- Direct securities:
 - Covered Bonds/Senior Secured Bonds
 - Senior Unsecured Bonds
 - Subordinated Bonds and
 - Hybrid Securities.
- Exchanged Traded Funds & Managed Funds that are predominantly invested in these assets
- Term deposits with maturities of more than 90 days and
- NOT permitted are fixed income instruments where the issuer rating is below investment grade (currently BBB/S&P).

d) Real Assets (refer Section 13):

- Direct private and/or public infrastructure (roads, bridges, utilities, and energy systems)
- Direct private and/or public real estate (residential, commercial, industrial, farmland, and timberland) and
- Exchanged Traded Funds & Managed Funds that are predominantly invested in these assets.

e) Australian Equities:

- Direct private and/or public Australian companies
- Exchanged Traded Funds & Managed Funds that are predominantly invested in these assets (this may include Long/Short Australian Equity Funds provided they are aligned with the benchmark) and
- Listed Investment Companies, Funds or Trusts (LICs, LITs) with an Australian focus.

f) International Equities:

- Direct private and/or public international companies
- Exchanged Traded Funds & Managed Funds that are predominantly invested in these assets (this may include Long/Short International Equity Funds provided they are aligned with the benchmark) and
- Listed Investment Companies, Funds or Trusts (LICs, LITs) with an international focus.

g) Uncorrelated Strategies:

- Absolute Return Exchanged Traded Funds & Managed Funds
- Commodity Exchanged Traded Funds & Managed Funds
- Foreign Exchange Exchanged Traded Funds & Managed Funds
- Market Neutral Exchanged Traded Funds & Managed Funds
- Multi-Strategy Exchanged Traded Funds & Managed Funds and
- Unconstrained Exchanged Traded Funds & Managed Funds.

12. Investment restrictions

To ensure the overall quality of the portfolio the following apply:

- No direct investment in assets which involve lending arrangements, repurchase agreements or leverage (including warrants, options, or other derivatives)
- No single investment shall exceed 5% of the portfolio at any time other than cash or bank term deposits and
- No more than 10% of total portfolio in any one managed product or ETF.

12.1. Real Assets – Property:

- The RANZCP Investment Portfolio will not invest in any direct private real estate (excludes real estate currently owned by RANZCP)
- The RANZCP Investment Portfolio will not invest in any direct listed Australian Real Estate Investment Trusts without approval from the FARM
- The RANZCP Investment Portfolio will not invest in any direct listed Global Real Estate Investment Trust without approval from the FARM and
- The RANZCP Investment Portfolio will not invest in any Exchange Traded Fund and/or Managed funds that are predominantly invested in these assets.

12.2. Derivatives:

- No direct investment in derivatives of any form.

13. Liquidity management

The Investment Portfolio should maintain sufficient liquidity, considering the expected cash flows and costs, and allow for any potential shortfall in the income required to meet the expected cash outflows.

Liquidity requirements (excluding Term Deposits):

- 5% of the funds should be at Call and available in 2 business days
- 55% of the funds to be available as cleared funds within 5 Days and
- 100% of the funds to be available as cleared funds within 365 Days.

14. Risk statements

In seeking to maximise returns, the RANZCP Board is mindful of the inherent risks. Those risks are considered because they offer a reasonable expectation of compensation in the form of returns above the risk-free rate (excess returns) over the time horizon of the Fund.

Risks accepted to pursue the investment objective fall into six categories:

14.1. Credit Risk

Credit risk (or counterparty risk) is the risk of default by the counterparty on its contractual obligations. At the Fund level, a framework exists to ensure that risk exposures remain within approved exposure limits based on the credit ratings of financial instruments and counterparties.

The Investment Adviser is required to ensure:

- The average credit quality within the portfolio is within agreed or reasonable guidelines.
- The exposure to different tiers of credit (including unrated debt) are within agreed or reasonable guidelines.
- The maximum permitted exposure to any one issuer is within agreed or reasonable guidelines.

14.2. Market Risk

The Fund holds exposure to a wide range of assets which the RANZCP Board expects will produce returns divergent from, and superior to, the risk-free rate over the long term.

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)
- return uncertainties within the property and private markets.

14.3. Adviser Risk

The requirements on the Fund's external advisers to deliver superior returns also entail risks.

Advisers risk is generally managed by:

- Careful selection and monitoring of advisers to ensure there is sufficient confidence that each adviser warrants the allocation of active risk to them.
- Monitoring the composition of the portfolios of active advisers to ensure that there are no unintended biases away from the intended investment strategy.

14.4. Operational Risk

This is general operational risk that 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 RANZCP 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.

14.5. Currency Risk

Investments in securities that are not denominated in Australian dollars carry the risk that movements in the value of the related currencies will impact on the carrying value of the underlying investment.

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 RANZCP Board and should be taken in tandem with a decision on currency hedging.

The Investment Adviser is required to identify potential risks arising on new investments from a hedged or unhedged position, and to make recommendations on an appropriate hedging strategy. In certain circumstances, an organisation may also take into consideration other factors which might influence currency risks (for example, offshore operations or revenue sources).

14.6. Concentration Risk

RANZCP investments are to be diversified across the various asset classes (Cash, Government Bonds, Credit, Real Assets, Equity – Domestic, Equity – International, and Uncorrelated Strategies).

The adviser will also limit risk by asset class, country, sector, and fund manager.

RANZCP excludes the asset class of Property via REITS both domestically and internationally from its Investment Policy.

The Investment Adviser may see Property as an attractive investment opportunity and make a recommendation to the Investment Subcommittee for approval.

15. Breach policy

In the event a potential breach and/or actual breach of the Investment Policy is identified by the investment advisor, they will make all reasonable efforts to notify the RANZCP FARM and Investment Subcommittee within five business days and will provide an appropriate solution to rectify the breach.

16. Relevant laws and version control

The RANZCP must comply with investment requirements imposed by Commonwealth, State, or Territory laws.

The Fund is a Company Limited by Guarantee and is a Registered Charity with the Australian Charities and Not-For-Profit's Commission (ACNC). The ACNC requires charities to meet governance standards.

Under Governance Standard 4 Charities must make sure its responsible persons are suitable, and under Governance Standard 5 they must ensure their responsible persons are aware of their duties and comply with them.

Under Governance Standard 5 responsible persons must:

- act with reasonable care and diligence
- act honestly and fairly in the best interests of the charity and for its charitable purposes
- not misuse their position or information they gain as a responsible person
- disclose actual or potential conflicts of interest
- ensure that the financial affairs of the charity are managed responsibly, and
- not allow the charity to operate while it is insolvent.

17. Definitions

Refer to the definitions in Article 1.1 of the Constitution, with additional definitions as follows:

'Counterparty' means the other party that participates in a financial transaction.

'Financial Year' means a one-year period ending 30 June.

'Fund' means the Investment Portfolio consisting of the RANZCP's assets available for investment.

'Investment Adviser' means professional and qualified firms or individuals who are engaged by the Investment Subcommittee to provide investment advice and services under contractual terms.

'Investment Policy' means the Fund's investment objectives, guidelines and strategy as provided for in this Policy.

'Investment Subcommittee' means the Subcommittee appointed by the RANZCP Board to oversee the Fund's Investment Policy.

'Policy' means this document and its amendments from time to time.

'RANZCP' means the Royal Australian and New Zealand College of Psychiatrists, ABN 68000439047.

'RANZCP Foundation' means the entity within the RANZCP which receives donations for psychiatric research and meaningful initiatives to improve mental health and wellbeing

18. Associated Documents:

- Investment Subcommittee Terms of Reference
- Finance, Audit and Risk Management Committee Regulations
- Board Regulations
- RANZCP Strategic Plan

Revision Record

Contact:	Executive Director, Finance & Technology		
Authorising Body:	Board		
Responsible Committee:	Finance, Audit and Risk Management Committee		
Document Code:	POL RANZCP Investment Policy		
Date	Version	Approver	Description
2011	1.0	GC2011	New document
2017	2.0	B2017/1 R25	Document updated to remove and create separate Terms of Reference for the Investment Subcommittee
2017	2.1	B2017/5 R28	Updated with new investment objectives and asset allocations
2021	3.0	B2021/OOSR16	Revised document
2021	3.1	B2021/OOSR44	Updated with new asset classes and asset allocations
March 2026	4.0	B2026/2	Significant update.
NEXT REVIEW: March 2027			