



## Investment and Treasury Management Procedures

### 1. STRATEGIC OBJECTIVE AND COMPLIANCE OBLIGATION SUPPORTED

[Investments and Treasury Management Policy](#)

[Curtin University Act 1966](#)

[Trustees Act 1962 \(WA\)](#)

[Financial Management Act 2006 \(WA\)](#)

### 2. PROCEDURAL DETAILS

2.1 The University's investment strategy is set out in the Investment and Treasury Management Policy which is formulated by the Finance Committee and endorsed by the Council.

2.2 The University manages its cash and investments through the Short Term Pool and Long Term Pool.

#### Short Term Pool

2.3 The Short Term Pool provides for operational cash needs having regard for quarter to quarter cyclicity.

2.4 The Short Term Pool will comprise both Operating Account and Investment components to a maximum combined total of \$60m subject to short term (less than 12 months) cash flow needs.

2.5 Funds in excess of \$60m will be invested into the Long Term Pool subject to operational cash flow requirements.

2.6 No investments in the Short Term Pool will be invested in assets categorised as Tertiary Liquidity.

2.7 The Short Term Pool will be invested in Authorised Short Term Investments only.

2.8 The Finance Committee may appoint one or more Investment Managers to manage the Short Term Pool.

2.9 Investment Managers must be of Investment Grade counterparties or highly rated by the Investment Consultant.

2.10 The Chief Financial Officer or delegate may appoint one or more Authorised Deposit Taking Institution (ADIs) in managing the University's cash and Term Deposits.

2.11 No more than \$150m of the total of the University's cash in the Operating Account and Investment pools may be invested with any one AA Minimum Rated ADI and not more than \$15m in any other ADI of Investment Grade.

#### Long Term Pool

2.12 The University diversifies its asset allocations under the Long Term Pool, balancing risk and return characteristics, by adherence to the Strategic Asset Allocation and its allowable ranges for Dynamic Asset Allocation (Schedule 2) which are approved by the Finance Committee. The Strategic Asset Allocation covers, as a minimum:

- Asset allocation between various asset classes;
- Asset mix between domestic and overseas investments;
- Hedged and unhedged funds for overseas investments; and
- Responsible Investing considerations (Schedule 1).

2.13 The Finance Committee will appoint an Investment Consultant to advise on and manage the Long Term Pool.

## 2.14 Investment Performance Objectives

Short Term Pool	Long Term Pool
<ul style="list-style-type: none"> <li>Achieve a positive return in each calendar year.</li> <li>Over rolling two year periods achieve an average annual return (after fees) that is in excess of the return on the Bloomberg AusBond Bank Bill Index.</li> </ul>	<ul style="list-style-type: none"> <li>Achieve a positive return in at least 3 out of every 4 years, with any negative return not exceeding 10% for that year.</li> <li>Over rolling five year periods achieve an average annual return (after fees) at least equal to the average increase in the <u>CPI</u> plus 4.0% per annum.</li> <li>Over rolling three year periods outperform the Pool's long term Strategic Asset Allocation index benchmark return (as outlined in Schedule 3 Benchmark performance indices).</li> </ul>

### Investment Performance Monitoring

2.18 The Finance Committee will monitor investment performance. The principal goals of Investment performance monitoring are to:

- Assess the extent to which the Investment Pool's investment objectives are being achieved.
- Monitor asset allocation exposures against allowable ranges and asset allocation benchmarks and assess the performance of any Dynamic Asset Allocation tilts taken by the Investment Consultant.
- Compare the performance of the Investment Pools' appointed Investment Managers (Short Term Pool) and Investment Funds (Long Term Pool) against appropriate market related indices (Schedule 3).
- Monitor the level of Responsible Investing of the University's investments.

### Risk Exposure

2.19 Investment Funds may utilise Derivatives in managing pooled investment vehicles in which the University invests. Where this is the case, Finance Committee shall consider the risks and controls in place by ensuring that the statement of compliance, audit report and director's certification of the System and Organisation Control Report for the Investment Consultant and verified to the Finance Committee as compliant.

2.20 The level of liquidity of the University's assets will be continuously monitored and assessed to ensure that no more than 20% of Long Term Pool assets are categorised as Tertiary Liquidity and that no Short Term Pool assets are categorised as Tertiary Liquidity.

2.21 The level of exposure to Investment Managers, direct or indirect, will be monitored and assessed to ensure that:

- No more than 25% of total University investments are in the active strategies of any single manager.
- No more than 50% of total University investments are in the passive strategies of any single manager.
- No more than 50% of total University investments are in the combined active and passive strategies of any single manager, subject to the individual limits above.
- These limits may be adjusted on a case-by-case basis depending on asset class and/or individual manager considerations.

## Frequency of Monitoring

- 2.22 The Finance Committee will monitor investment performance (including performance of any Dynamic Asset Allocation tilts taken), risk exposure, Investment Funds' performance and the level of Responsible Investing at least quarterly.
- 2.23 The Investment Consultant will provide detailed investment performance, risk exposure and Responsible Investing reporting on the Long Term Pool to the University on an ongoing basis through the Chief Financial Officer.
- 2.24 The Investment Consultant will provide advice quarterly in respect of the performance and continued suitability of the Investment Funds and any externally appointed Investment Managers, the adequacy of the returns achieved by the Long Term Pool and the continuing suitability of the investment strategy, policy and procedures.
- 2.25 The Investment Consultant will address meetings of the Finance Committee at least once annually to discuss strategy, portfolio activity, review performance and the appropriateness of the Strategic Asset Allocations benchmarks and their allowable ranges.

## 3. RESPONSIBILITIES

Key responsibilities are set out below.

### 3.1 Council

Council is responsible for:

Approving the University's *Investment and Treasury Management Policy*.

### 3.2 Finance Committee

The Finance Committee is responsible for:

- 3.2.1 Approving the University's *Investment and Treasury Management Procedures*.
- 3.2.2 Advising the Council on the University's Investment strategies and plans and overseeing their implementation.
- 3.2.3 Selecting an appropriate Investment strategy that is in compliance with all applicable legislative and University Policy requirements, including:
  - *Curtin University Act 1966*
  - *The Trustees Act 1962 (WA)*
  - *Investment and Treasury Management Policy*
  - *Investment and Treasury Management Procedures*
  - Other relevant University Policies and Procedures
- 3.2.4 Setting the investment performance objectives of the Investment Pools.
- 3.2.5 Setting the target and allowable ranges of each asset class in the Strategic Asset Allocation and the respective benchmark return for performance assessment.
- 3.2.6 Assessing the risk of each asset in the Investment Pools in relation to the overall investment strategy of the University as a whole.
- 3.2.7 Approving the appointment of the Investment Consultant, recommended Investment Funds and Long Term Pool Investment Managers.
- 3.2.8 Monitoring investment performance by the review of investment reports from the Chief Financial Officer, which may include reports from the Investment Consultant on Responsible Investing and the performance and risk management of the Long Term Pool.
- 3.2.9 Ensuring that the investment of funds achieves the University investment objectives.

### 3.3 Chief Financial Officer

The Chief Financial Officer is responsible for:

- 3.3.1 Monitoring and reviewing the performance of the University's investment strategy, including the performance of the Investment Consultant.

- 3.3.2 Reporting to the Finance Committee at least quarterly on investment performance, investments transactions and rebalancing of strategic asset allocations including any Dynamic Asset Allocation tilts.
- 3.3.3 Approving/delegating investment transactions on investments or redemptions as authorised by the Finance Committee.
- 3.3.4 Determining the terms of the appointment of the Investment Consultant.
- 3.3.5 Instructing the Investment Consultant on specific reporting requirements.
- 3.3.6 Reviewing the *Investment and Treasury Management Procedures* document to ensure that it continues to be appropriate to the University's needs.
- 3.3.7 Should any investment (external to the Investment Funds) subsequently be downgraded to below Investment Grade or no longer highly rated by the Investment Consultant, the Chief Financial Officer is to provide recommendations to the Finance Committee as to options for disposal. In situations where disposal is not possible, such as absence of a disposal market, options to mitigate risks in retaining the investment and a recommended course of action should be provided.

### **3.4 Director, Financial Reporting**

The Director, Financial Reporting, to the extent not covered by the Investment Consultant for the Long term Pool, is responsible for:

- 3.4.1 The day-to-day operation of the investment strategy.
- 3.4.2 The implementation of the investment strategies.
- 3.4.3 Carrying out the investment activities and transactions.
- 3.4.4 Maintaining and ensuring adherence to internal control procedures for Investments.
- 3.4.5 Coordinating reports from Investment Consultant for the Finance Committee.

### **3.5 Investment Consultant**

The Investment Consultant is responsible for:

- 3.5.1 Recommending investment objectives and Strategic Asset Allocation (including allowable Dynamic Asset Allocation ranges);
- 3.5.2 Managing and investing the Long Term Pool in accordance with the University's Investment and Treasury Management Policy and Procedures through Investment Funds;
- 3.5.3 Appointing, monitoring and managing the Investment Managers used within the Investment Funds, including making any tilts within the allowable ranges with regards to Dynamic Asset Allocation and providing appropriate reporting with regards to any tilt made, including rationale for the tilt, the size of the tilt, the catalyst to remove the tilt and the tilt's ongoing performance in a timely manner;
- 3.5.4 Providing detailed reporting on investment performance, risk exposures, and Responsible Investing on at least a quarterly basis;
- 3.5.5 Recommending the Benchmark Performance Index for each asset class and assessing its appropriateness with the change in economic environment.
- 3.5.6 Providing proactive advice to the Chief Financial Officer and Finance Committee regarding the Investment Funds, external Investment Managers, Investments and related matters.
- 3.5.7 Attending Finance Committee meetings at least once annually to discuss strategy, portfolio activity and review performance. Factors taken into account in these reviews may include investment style, investment performance relative to objectives and peers, and any other factors considered relevant to the Investment Funds' continuing ability to meet its investment objectives.
- 3.5.8 Carrying out other services as required by the Chief Financial Officer.

## 4. SCOPE OF PROCEDURES

- 4.1 These procedures apply to those engaged in implementing and monitoring the University's Investment strategy. Typically, this will encompass the Finance Committee, the Chief Financial Officer, the Investment Consultant and other Delegated Officers.
- 4.2 This procedure does not cover direct investment in "spin-off" companies for the purposes of the commercialisation of intellectual property and other direct investments.

## 5. DEFINITIONS

(Note: Commonly defined terms are located in the [Curtin Common Definitions](#). Any defined terms below are specific to this document).

### **AA Minimum Rated**

Means that either Standard & Poor's or Moody's has rated an investment as having a credit rating of AA- or above (Standard & Poor's) or Aa3 or above (Moody's).

### **Authorised Deposit Taking Institution (ADI)**

Means corporations which are authorised under the Banking Act 1959. ADIs include banks, building societies and credit unions.

### **Authorised Short Term Investments**

Means deposits with banks and financial institutions which are regulated against the Australian Prudential Regulation Authority (APRA), cash securities, fixed interest securities and debt instruments. It excludes deposits with banks and financial institutions that are not APRA regulated or securities issued that have underlying futures, options, forward contracts and swaps of any kind.

### **CPI**

Means the compound rate of inflation in the Australian Consumer Price Index for all capital cities as published by the Australian Bureau of Statistics.

### **Dynamic Asset Allocation**

Means short to medium term tilts away from the Strategic Asset Allocation for the Long Term Pool. These tilts are managed within defined allowable ranges around the Strategic Asset Allocation.

### **Investment Funds**

Means managed investment scheme funds, where the Investment Consultant researches and monitors Investment Managers used in these Funds, including those Funds that are constructed and managed by the Investment Consultant.

### **Investment**

Means placement of centrally managed University funds in assets or items with the intent of generating income, return or appreciation in value. This type of investment is administered by Financial Services.

### **Investment Grade**

Means that either Standard & Poor's or Moody's has rated an investment as having "Investment Grade" credit rating, ie BBB- or above (Standard & Poor's) or Baa3 or above (Moody's).

### **Long Term Pool**

Means the funds that are invested with the intention of achieving returns that are in excess of those of the Short Term Pool. The funds in this pool are intended for strategic purposes.

### **Operating Account**

Means the operating bank account(s) utilised for the purposes of receiving and making operational payments.

### **Primary Liquidity**

Means assets that can be sold within one week without a negative impact on the price.

### **Responsible Investing**

Means the effective management of material financial and reputational risks and opportunities related to environmental, social and corporate governance (ESG) issues.

### **Secondary Liquidity**

Means assets that can be sold within three months without a negative impact on the price.

### **Short Term Pool**

Means the Investment Pool where excess holdings of cash and investments are held that are not invested in the Long Term Pool. This pool is used to manage the ongoing day-to-day operational and short term cash flows of the University by investing temporary cash surpluses and providing a reserve of funds for operational cash needs.

### Strategic Asset Allocation

A portfolio strategy that involves periodically rebalancing the portfolio in order to maintain a long-term asset allocation target.

### System and Organisation Control Report

Means the externally audited report on the Investment Consultant's systems and controls encompassing the description of the Investment Consultant's Discretionary Investment Advisory, Management, and Implementation Services System and on the Suitability of the Design and Operating Effectiveness of Controls. This report includes details regarding the Investment Consultant's policies in place to cover the use of derivatives, the controls on their use and the procedures for assessing compliance with those controls. These policies and controls are intended to ensure the proper use of derivatives.

### Tertiary Liquidity

Means assets that are expected to take longer than three months to be sold without a negative impact on the price.

## 6. LIST OF SCHEDULES

Schedule 1 Long Term Pool - Responsible Investing

Schedule 2 Long Term Pool - Strategic Asset Allocations

Schedule 3 Long Term Pool - Benchmark Performance Indices

## 7. RELATED DOCUMENTS/LINKS/FORMS

[Investment and Treasury Management Policy](#)

[Curtin University Act 1966](#)

[Trustees Act 1962 \(WA\)](#)

[Financial Management Act 2006 \(WA\)](#)

<b>Policy Compliance Officer</b>	<a href="#">Amanda Stammers</a> , Chief Financial Officer
<b>Policy Manager</b>	Chief Financial Officer
<b>Approval Authority</b>	Finance Committee
<b>Review Date</b>	1 <sup>st</sup> April 2028

## REVISION HISTORY

Version	Approved/ Amended/ Rescinded	Date	Committee / Board / Executive Manager	Approval / Resolution Number	Key Changes and Notes
New	Approved	25/06/2014	Council	C 89/14	Attachment B
	Amended	10/09/2014	Council	C 145/14	Attachment B
	Amended	17/11/2014	Finance Committee	FC 57/14	Attachment A to Item 7
	Approved	20/10/2017	Council	C 149/17	Attachment B
	Approved	15/03/2019	Finance Committee	FC 21/19	Attachment B to Item 10
	Approved	15/02/2021	Finance Committee	FC 12/21	Attachment B to Item

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	Amended	11/10/2023	Council	C 137/23	Attachment C
	Approved	4/10/2024	Finance Committee	FC 05/24	Attachment A, to item 6.1

# SCHEDULE 1

## LONG TERM POOL – RESPONSIBLE INVESTING

Curtin University values Integrity (to act ethically, honestly and with fairness), Courage (to lead, take responsibility and question), Excellence (to strive for excellence and distinction), Impact (to empower, enable and inspire) and Respect (to listen, value and acknowledge). These values shape the implementation of our strategic themes of “People” (making a positive difference to lives), Planet (a commitment to social good, sustainability and global impact) and Partnership (nurturing relationships to develop solutions which make a real-world difference to solving global challenges).

We apply our values and strategic themes by contributing to society and communities through:

- the advancement of knowledge, advice, research;
- promoting the well-being of people and society;
- entrepreneurship, commercialisation and promoting outcomes that make a positive difference.

Through its learning, teaching, research and innovation, Curtin ensures that contemporary challenges are addressed through:

- deep understanding of complex issues and drivers;
- reciprocal engagement with industry and government; and
- development of policies, solutions, and ethical frameworks to inform engagement.

Current challenges to promote positive community outcomes include sustainable mining, agricultural, engineering, construction and water management practices. We also partner with industry and government to address challenges to Australia’s national resilience and security.

The University accepts no limits to academic freedom (other than where it incites violence, discrimination or hatred), and we support ethically responsible research, teaching and learning.

All these factors underpin the way Curtin invests. Consistent with the University’s activities, we commit to Responsible Investing, being the integration of environmental, social and corporate governance (ESG) factors into investment management processes and ownership practices.

The effective management of material financial and reputational risks and opportunities related to environmental, social and corporate governance factors also support the University’s approach to optimise long term investment returns.

In doing so:

- Responsible Investing will be considered when investing funds in the University’s Long Term Pool.
- The Investment Consultant will integrate ESG factors into its investment advice and investment management processes. The Investment Consultant is responsible for oversight of risks associated with ESG for the Long Term Pool.
- For any investment utilised within the Long Term Pool, the Investment Consultant will:
  - assess and monitor underlying Investment Managers used within its Investment Funds and assign ESG rankings to each;
  - actively engage with underlying Investment Managers to encourage improvement of ESG rankings and construct portfolios in a way that considers risks and opportunities associated with ESG.
- The Investment Consultant will provide quarterly reporting outlining the ESG ratings and material sustainability risks for investments used within the Long Term Pool
- The Investment Consultant will set targets to achieve net zero greenhouse gas emissions in line with international consensus. The Investment Consultant’s current approach is set out at the foot of this schedule.
- The University recognises that Responsible Investing is evolving and there may be some asset classes that do not offer investments with high levels of ESG integration. These may be held by the University subject to specific approval from Finance Committee and regular reporting from the Investment Consultant on progress by the relevant Investment Fund towards ESG integration.



- The University recognises that Responsible Investing does not necessarily imply the exclusion of particular companies or industries from the investable universe on ethical or environmental grounds.
- Nevertheless, the University will not invest, directly or indirectly, in investments:
  - related to the manufacture of munitions, including weapons prohibited by Conventions or Treaties ratified by Australia;
  - related to the primary manufacture of complete tobacco products; and
  - which are non-compliant with Modern Slavery legislation.
- If any such investments are identified in the University's Long Term Pool, the Investment Consultant will develop an orderly strategy for the University to divest.
- The Investment Consultant, through the underlying Investment Managers (and where relevant, directly) exercises voting rights attached to investments used in the Long Term Pool.
- The Investment Consultant, through the underlying Investment Managers (and where relevant, directly) engages with companies on behalf of the University to encourage effective management of Responsible Investing risks and opportunities.
- Finance Committee will monitor the level of Responsible Investing at least quarterly, including:
  - ESG ratings for Investment Funds compared to benchmarks;
  - Carbon footprint;
  - Active ownership; and
  - UN Principles for Responsible Investment (UNPRI) assessments

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### **Current Investment Consultant investment approach**

The University's Investment Consultant is Russell Investments (Russell), who provide an "Implemented Consulting" service to Curtin, comprising both advisory and investment services. Russell incorporates environmental, social and governance factors throughout its investment process. This includes manager research, active ownership, proxy voting, research, stress testing and reporting. Russell has been a signatory to the United Nations Principles for Responsible Investment ("UNPRI") since 2009. Considered the world's leading proponent of responsible investment, UNPRI has awarded Russell Investments a five-star rating for policy governance and strategy.

Curtin University is supportive of Russell's approach to selected aspects of responsible investing, which are set out below:

#### **Net zero greenhouse gas emissions**

- Russell has an overarching goal to manage 25% of its global assets under management in line with net zero standards by the end of 2030. Russell's net zero portfolio aims to meet three targets in alignment with net zero standards:
  - Asset alignment: ensure at least 25% of the portfolio is invested in securities that align to net zero by the end of 2025.
  - Emissions: achieve a 50% reduction in carbon emissions intensity by the end of 2030.
  - Engagement: engage with the companies that make up 70% of financed emissions by the end of 2025.
- Russell's targets currently cover Scope 1 and 2 emissions. Scope 3 is expected to be phased in as data quality and availability improves.
- Russell is working in conjunction with clients and underlying managers to achieve net zero targets.

#### **Controversial weapons exclusions**

Russell Investment's definition of controversial weapons includes cluster munitions and anti-personnel mines. The criteria used for exclusion in the Russell funds used by Curtin are as follows:

- Direct involvement: the company is involved in the core weapon system, or components or services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.
- Indirect involvement: any company that owns more than 20% of a company meeting the above criteria.

- No revenue threshold is used.

In doing so, Russell relies on data sourced from an independent vendor, Sustainalytics.

## Curtin's investments

Curtin invests differently depending on the timeframe of the investment.

Our short term investments are usually held in term deposits with maturity dates of less than 12 months, issued by investment grade (normally A- or above) APRA-regulated Australian financial institutions.

Our long term investments are managed on behalf of the University by our Investment Consultant, Russell Investments (Russell). Russell provides an "Implemented Consulting" service to Curtin, comprising both advisory and investment services.

Our long term investments are currently invested in the following managed funds:

- Russell Investments Australian Bond Fund - Class A
- Russell Investments International Bond Fund - \$A Hedged
- Russell Investments Australian Opportunities Fund - Class A
- Russell Investments Global Opportunities Fund - Class A
- Russell Investments Australian Floating Rate Fund - Class A
- Russell Investments Global Opportunities Fund - \$A Hedged
- Russell Global High Yield
- Russell Emerging Market Debt Fund
- Russell Private Market Fund 2021
- Russell Global Unlisted Infrastructure Fund
- IFM Australian Infrastructure Wholesale Fund
- Mercer Australian Direct Property Fund
- Mercer Private Investments Partners IV SICAV-SIF - Sub-Fund PE USD Class A

# Long term pool investments sector information

