

University of Essex

Statement of Investment Principles

This document is a statement of the principles governing the decisions about the charitable investments of University of Essex. It sets out the basis on which the University of Essex Portfolio will be managed and monitored.

General Background

Its objectives are:

1. To maintain capital in real terms and produce sufficient income for the purposes set out by the members of the Investment Sub-committee.
2. To fund the annual payment of scholarships and bursaries.

General Investment Policy

1. University of Essex wishes to maximise the returns on all its investments, commensurate with the appropriate level of risk (see risk profile), whilst adhering to the general principles of trust law for Charitable Investment Portfolios.
2. The day-to-day management of investments is undertaken by professional Investment Managers on a discretionary basis.
3. Regular reporting to the Investment sub-committee will cover performance, asset allocation and risk so as to ensure an appropriate balance in the overall investment approach.

Specific Investment Objectives

1. The following specific objectives have been set for the University of Essex Endowments Fund.
 - Investments are held to create real returns over the investment horizon of a rolling 5 year period whilst maintaining the ability to draw income & capital where necessary.
 - Primary Benchmark of CPI+ 4% on a rolling 5 year basis (net of fees). Note: specific industry benchmarks will also be agreed for comparison purposes with the relevant investment manager.
 - A balanced mix of assets, as detailed in the Investment Management Agreement, may be used by the Manager to achieve the investment objective.
 - The members of the Investment Sub-committee are willing to accept a medium/high investment risk approach in the achievement of their objectives. This is suitable where a return above inflation is sought over the long term and the members understand that reasonable shorter term movements in portfolio value may be experienced in the pursuit of such objectives.

Exclusions

Through its research and education programmes, and its own policies, the University contributes to the fight against climate change and promotes conflict resolution by peaceful means. Therefore, the following exclusions apply to its investment policy.

No investment shall be made in, or borrowing taken from, any company:

1. involved in the production or supply of indiscriminate weaponry (defined as nuclear weapons, anti-personnel mines, cluster munitions, chemical weapons or biological weapons), with no turnover threshold to be applied.
2. involved in the production, processing, supply or storage of weapons grade nuclear fissile materials, with no turnover threshold to be applied.
3. involved in the provision of strategic parts or services for antipersonnel mines, cluster munitions, chemical weapons or biological weapons, with no turnover threshold to be applied.
4. whose primary activity is armaments for military purposes or fossil fuels (defined as any company deriving more than 10% of its turnover from armaments for military purposes or fossil fuels).
5. deriving more than 10% of its turnover from fossil fuel extraction.
6. that generates more than 10% of turnover from tobacco production.

Managing Investments

1. The members of the Investment Sub-committee have appointed Veritas Investment Management LLP to manage the University of Essex Endowment Fund
2. The investments are to be held in the nominee company of custodians agreed as detailed in the investment management agreement.

Required Periodic Reviews

The investment policy statement will be subject to reviews triennially and as otherwise required by the members of the Investment Sub-committee and amendments will be advised in writing to the managers when applicable.