

Division	Operations	Ref. No.	TOR-4082
Department	Management		
Title	Investment Committee		

1. PURPOSE AND SCOPE

The Finance, Audit and Risk Management (FARM) Committee of Council is responsible for the governance of the investment portfolio. The Investment Committee (IC) reports directly to FARM and provides the oversight of the management of the investment portfolio of the Royal Australasian College of Surgeons (RACS).

RACS maintains a significant level of its assets within a financial investment portfolio. The investments are held in a range of investment products including equity and fixed interest assets. The Committee is responsible for ensuring that the investment portfolio is managed in a strategic and a proactive way to maximise the returns to RACS to ensure sufficient income is earned, and capital growth, in real terms, is achieved, to meet the budgeted requirements for RACS Corporate and the Foundation for Surgery and the strategic objectives of RACS.

2. KEYWORDS

Committee, Council, Investments, Portfolio, Resources RACS Corpora, Honorary Adviser.

3. BODY OF POLICY

4. OBJECTIVES

The objectives of the Investment Committee are to:

- 4.1.1 Allocate funds to external managers as determined by the investment committee taking into account past performance, area of investment and stock liquidity. The IC recommends changes to managers to FARM as and when required.
 - 4.1.2 Promote investments that are appropriate and ethical, and seek to avoid investments from prohibited sectors as per ESG Policy based on information provided to the Committee.
 - 4.1.3 Report on portfolio performance to Council via FARM and refer to FARM for direction if there are any doubts as to the appropriateness or ethics of a potential investment.
 - 4.1.4 Ensure funds contributed to the investment portfolio are able to be invested as either long-term investments (i.e. equities) or short term/at call investments (ie. cash and fixed interest securities or hybrids).
 - 4.1.5 Determine the Asset Allocation to be recommended as a fixed percentage of funds to be allocated to a particular investment class the investment committee determines the asset allocation mix.
 - 4.1.6 Engage with Honorary Investment advisers (whom are not RACS Councillors/Company Directors) to advise RACS on the employment of tactical asset allocation, which aims to adjust the portfolio towards target asset allocation as market movements impact the value of sectors, and their weight in the portfolio.
- ### 4.2. Duties and Responsibilities
- 4.2.1 Ensure the investment portfolio and investment activity is in accordance with the RACS Investment Policy.
 - 4.2.1 Recognise that RACS is a long term investor and performance criteria should reflect this objective.

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- 4.2.2 Ensure that all investment funds of RACS are aggregated for investment purposes.
- 4.2.3 Set the appropriate asset mix of investments to best achieve the budgeted targets.
- 4.2.4 Consider allocating assets to be managed by external investment managers. Such managers must be approved by the Committee and subject to regular review. Monitor and review the total funds available for investment from time to time.
- 4.2.5 Monitor the performance of the external managers and to have the authority to change the managers as they consider appropriate and to change the quantum of funds allocated to particular managers.
- 4.2.6 Recommend to Council the appropriate asset allocation mix of investments to achieve the agreed objectives relating to investments (i.e. annual growth of CPI+5%).
- 4.2.7 Ensure that the asset allocation mix of the investment portfolio provides adequate liquidity to fund RACS activities as required.
- 4.2.8 The Committee will not recommend or approve investments in companies or industries that are in conflict with the RACS Environmental Social and Governance (ESG) Policy as per the RACS Investment Policy (ref).
- 4.2.9 Analyse cash flow reports and other relevant information as provided.
- 4.2.10 Provide to FARM regular reports relating to all College investments and the performance relevant to approved benchmarks.
- 4.2.11 Develop the relevant policies and procedures to ensure that all College investments are managed in accordance with Council direction.
- 4.2.12 Recommend investment activities for approval by the RACS Treasurer between Committee meetings.

4.3. Powers and Delegation of Authority

The Committee is:

- 4.3.1 Authorised and responsible for the investment, management and reporting of all investment activities of RACS and these powers are delegated from the Council.
- 4.3.2 Aware that the Council may, at its discretion, approve investments outside these guidelines.
- 4.3.3 Able to consult external consultants as required in the fulfilment of its responsibilities.
- 4.3.4 Authorised to make investment decisions within the management of existing funds without reference to parties outside the Committee.

4.4. Composition and Size

4.4.1 Members

Honorary Adviser as approved by FARM (Chair)

Honorary Advisers

Treasurer

Deputy Treasurer

Councillor(s)

Please note that Honorary Advisers make recommendations to the Committee are not Councillors/Company Directors.

4.4.2 In Attendance

Chief Executive Officer or Deputy CEO

Senior Staff

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Representative of External Investment Adviser or Manager

4.5. Terms of Office and Method of Appointment

4.5.1 The members of the Committee are to be confirmed by Council once every 3 years.

4.5.2 The term of office for an Honorary Adviser is dependent on their ongoing availability in the role.

4.5.3 The number of Honorary Advisers is subject to Committee needs. However it is recommended that at least two Honorary Advisers should be members of the Committee at any given time.

4.6. Meetings

The Committee will meet at least once between FARM meetings to review the performance of investments and to consider and approve recommended investment activity.

4.7. Quorum

A quorum shall be a voting majority of the membership of the committee. In the absence of the Chair, one of the Honorary Advisers shall assume the role of Acting Chair. If a temporary Chair cannot be determined for that one meeting, a majority vote made by the committee will decide the outcome.

4.8. Accountability and Reporting Structure

The Committee reports to the FARM Committee of Council or to the Executive Committee of Council, during the intervening months, when Council is not meeting.

4.9. Conduct

All members of the Committee must comply with the following:

- To act with reasonable care and diligence in the best interests of RACS.
- To abide by all laws, rules, regulations and policies of the Committee and RACS.
- To not improperly use information or position for personal gain.
- To disclose and manage all conflicts of interest, as per policy.
- To show courtesy and respect to all other Committee members.

5. ASSOCIATED DOCUMENTS

Investment Policy

Approver FARM
Authoriser Council

Authorised By: FARM
Document Owner: Operations

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