

Statement On Investment

POLICY COMPLIANCE STATEMENT

Reviewed by:	Investment Committee	Date of Review:	April 2010
Responsible Executive:	Chief Executive, General Manager, Corporate Services	For approval by:	Board of Directors
No. of breaches:	Nil.		
Comments regarding breaches (if any)			
Signature:		Date:	27/05/10

Policy No.:	12	Sub-committee:	Investment Committee	Date of last review:	July 2009
Policy:	Statement on Investment	Date due:	May 2010	Date of next review:	May 2011
Signature: As per Board minutes 21st May 2010					

OVERVIEW:

Cancer Council South Australia seeks to control investment risk by adopting a diversified investment portfolio.

Cancer Council SA seeks to have an appropriate exposure to growth assets [shares and property] because of the higher returns that these assets are expected to provide over the medium to long term. Growth assets are expected to result in more volatility of returns and in this regard Cancer Council SA's ability to tolerate investment risk must also be considered.

The term "Property" does not include real property owned and occupied by Cancer Council SA in the provision of Services and Administration support.

OBJECTIVES:

Cancer Council SA will aim to achieve:

- superior investment returns over the longer term with average [or below average] volatility
- a rate of return [net of the costs of administering the fund] that is at least 5% per annum better than increases in the national Consumer Price Index [CPI] over rolling 5 year periods and, over the rolling 5 year period a return greater than the median return of the fund surveys ie. Mercer Pooled Trust Survey, Intec Pooled Trust Survey

STRATEGY:

In seeking to achieve these objectives the strategy is to:

- invest the majority of monies with either professional investment managers in their pooled trust funds or in Australian equities purchased in the name of Cancer Council SA
- manage investment risk by not only appointing investment managers who offer diversified portfolio, but also by appointing more than one investment manager and thereby increasing the benefits of diversification
- retain professional investment consultants to assist with the selection of investment managers and the products they offer
- invest funds in Australian equities in a portfolio that is overseen by a recognised share broking company (Share Portfolio Manager)
- review advice from our Share Portfolio Manager on a quarterly basis in regards to CCSA's own share portfolio and make recommendations to the Board
- review all fees and charges from investment and portfolio managers on a regular basis to ensure they are in line with industry practices

- invest surplus cash, up to a 12 month term, with any of the top four Australian banks to ensure the best available rate is obtained

Surplus cash may be considered by the Investment Committee for investment of more than 12 months. Professional advice from an investment advisor licensed by the Australian Securities & Investment Commission will be sought for all investments of more than 12 months.

manage term deposits with a view to maximising investment returns

- purchase or sell stocks in Cancer Council SA's own portfolio or the movement of funds held by the appointed managers recommended by the Investment Committee.

With regard to the Impairment of Shares, the strategy is to:

- review the Cancer Council's share portfolio on a quarterly basis to determine if any shares are impaired
- obtain advice in writing from the share portfolio manager, if any shares are impaired for more than nine consecutive months and the impairment value is more than 20% less than cost, to determine if the impaired shares should be sold or continue to be held and the loss taken to the profit and loss
- at each reporting date, undertake an assessment of shares within the CCSA share portfolio to determine if there is any evidence of impairment

Where an impairment exists, CCSA will recognise an impairment loss. This is calculated as the amount by which the shares purchase value exceeds its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use.

CONSTRAINTS:

The exposure to growth assets (shares and properties) is defined as:

- **Aggressive** - no more than 80% growth assets, 20% cash and fixed interest
- **Neutral** - 70% growth assets (but never exceeding 75%), 30% cash and fixed interest
- **Defensive** - 60% growth assets, 40% cash and fixed interest.

Cancer Council South Australia aims to have a neutral position in relation to its managed investments.

No more than 40% of Cancer Council SA's managed investments will be invested in any particular investment facility.

No more than 40% of Cancer Council SA's managed investments will be placed with one investment manager.

No stocks will be held in companies that are involved in the manufacture of tobacco products.

MONITORING AND REVIEW:

The Investment Committee under the direction of the Board of Directors will regularly monitor the ongoing performance of the fund against its objectives, other comparable funds and trusts and the performance of the investment managers appointed.

The Investment Committee and the Board of Directors will consider at least annually the need for any adjustment to the investment policy and the appropriateness of the current investments.

The Investment Committee and the Board of Directors will, at least every 3 years, conduct a complete review of the investment policy.

The Investment Committee and the Board of Directors may retain professional investment consultants to assist with the monitoring and review process.