



### Background and governance

St Edmund Hall has significant endowment funds available for investment and this Investment Policy is a statement of objectives and principles agreed by the Governing Body on the investment and stewardship of these funds. The Hall may hold investment assets that are not part of its endowed funds, such as cash reserves that are available for investment. It is the Hall's policy to manage such assets in the same manner as the endowed assets, and as a single portfolio. For the purposes of this policy, the endowment and any additional Hall cash reserves, are referred to as the aggregate investment portfolio.

The Governing Body is ultimately responsible for oversight of the Hall's investment strategy and has delegated, through the Finance Committee, investment decisions to the Investment Sub-committee (ISC). Investment management may, in turn, be delegated to authorised investment manager/s regulated by the FCA.

The investment portfolio is currently invested (i) predominantly with OUem as the investment manager, (ii) a directly held ESG-focused, passive, listed, tracker instrument, (iii) Oxford properties associated with the Hall and (iv) cash. The ISC is responsible for the continual monitoring and review of the aggregate investment performance and compliance with this policy.

The Hall is committed to successful management of environmental, social and governance (ESG) issues believing this is fundamental to creating long-term value. Investment principles regarding the Hall's ESG approach are detailed below under Responsible Investment. The Hall is committed to ensuring that it makes investment decisions responsibly and with integrity.

### Objectives

The objective of the investment strategy is to preserve and grow the real value of the endowment in perpetuity paying due regard to the aims of the Hall's ten year Strategic Plan, the requirement of trust law and the UK Charities Act, and after providing for an annual distribution of circa 3.5% per annum, to sustain core activities. The level of drawdown is kept under review so as to ensure that it continues to balance the current and future needs of the Hall. The ISC makes recommendations for any changes to the Finance Committee, for approval.

Sufficient liquid reserves are maintained to meet any short-term requirements. The long-term objective is to grow the real value of the endowment, which requires protecting the real value of the assets from erosion by the effects of inflation, as defined by CPI. Assets are invested on a total return basis, with no preference for capital growth or income. Referencing these requirements, the overall long-term financial total return objective is at least CPI+ the agreed distribution rate (currently 3.5%) annualised over a ten-year period.

### Risk Management

To achieve its stated total return objective, it is recognised that an appropriate amount of investment risk will have to be taken with the aggregate portfolio and that volatility is an unavoidable consequence. The Hall expects to continue in perpetuity and can, therefore, take a very long-term perspective in its investment strategy. The most extreme impact of volatility will be mitigated through diversification. The key risk to long-term assets is inflation, and through investment this risk should be mitigated over the long term.

## Investment Approach

Assets can be invested widely and should be globally diversified by asset class and by security. The portfolio should be constructed consistent with achieving the investment objective noted above, that is attaining a level of total return that at least preserves the long-term real value of the assets. The Investment Strategy allows for a wide choice of investments and investment instruments, recognising that financial markets will evolve, adapt and bring forward opportunities that cannot always be anticipated.

The Investment Sub-committee will monitor and advise upon a suitable asset allocation strategy and benchmark for the portfolio.

## Currency

The base currency of the investment portfolio is Sterling. In keeping with the global approach detailed above, investment may be made in non-Sterling assets. Decisions to hedge the currency risk or not is part of the investment process and will remain with the Hall's investment manager/s according to market circumstances.

## Treasury

Cash balances are invested with the following principles in mind: 1) to manage the day to day needs of the Hall, 2) to mitigate the effects of inflation, 3) to minimise credit risk, 4) only then to maximise return. The spread of deposits by counterparty will be periodically monitored and reviewed by the ISC.

## Liquidity Requirements

St Edmund Hall requires drawings of circa 3.5% per annum from the endowment to fund the Hall's core activities. 10% of the investment portfolio should be held in investments that can be realised within three months.

## Responsible Investment

Responsible investment practices will be incorporated into investment decision-making and it is believed that by engaging in the broad set of extra-financial considerations – including environmental, social and governance (ESG) issues – the long-term financial performance of the portfolio can be improved.

Active investment managers are required to invest in companies with a positive ESG impact and the highest standard of investment management is expected. The ISC is cognisant that OUEM, as they report to Oxford University and the Colleges, has strict risk-management ESG criteria which is [publicly reported](#).

ESG issues that are deemed relevant to the long-term investment strategy will be taken into account, whether related to the long-term real value of the endowment and/or the risk factors that may harm or enhance the reputation of the Hall. One such issue is climate change. Investment managers are required to take this issue into account through:

- Increasing exposure to investments which are *directly* contributing to climate change mitigation or low-carbon energy development and / or investments *indirectly* supporting a low-carbon economy by reducing their own emissions consistent with a 1.5 degrees Celsius warming scenario or providing technology, products or services that facilitate the transition.
- Engaging with companies and policymakers to encourage actions consistent with transitioning to a low-carbon economy and aligned with the Oxford Martin Principles for climate conscious investment. This will include requesting that entities commit to a credible pathway to net zero

emissions by 2050, a profitable net zero business model, and establishing quantitative medium-term targets compatible with the Paris Agreement.

The ISC will ensure that any investment managers appointed will understand and accept the ethical standards expected in management of the portfolio. It is recognised that ethics are not clear-cut and that difficult judgements need to be made, especially in relation to collective investment schemes.

The following restrictions are set for the actively-managed investments:

- Direct investments in companies that have a record of serious or repeated contraventions of national or international human rights, environmental or employment standards;
- Direct investment in any fossil fuel exploration and extraction companies, including coal, oil and gas exploration and extraction, in addition to a ban on thermal coal and oil sands;
- Direct investment in tobacco companies (as defined by UK Cancer Research);
- Direct investment in companies which manufacture or sell arms that are illegal under the Munitions (Prohibition) Act 2010 or the Landmines Act 1998;
- Direct investment in companies materially involved in the following industries: alcohol, gambling and pornography; and
- Direct investment in pharmaceutical companies who provide products to US states for use in human executions.

When investing through passive investment vehicles, such as equity trackers, passive investment strategies will be sought that positively select holdings on ethical grounds and align with the four key principles of the UN Global Compact (Human Rights, Labour, Environment and Anti-corruption). As far as possible, passive investments are sought which adhere to these restrictions.

## **Monitoring**

The Investment Sub-committee has responsibility for agreeing strategy and monitoring the investment assets, the risk management practices of providers, and the 'fit' between the stated goals and objectives of the investment managers and that of the Hall. The Investment Sub-committee has nominated a list of authorised signatories, two of which are required to sign instructions to the investment managers.

Professional investment management firms, if appointed to manage the assets on a discretionary basis, will be required to do so in line with this Investment Policy. The Investment Sub-committee will review the information provided by the investment manager at each Investment Committee meeting.

Performance of the portfolio will be measured against the agreed benchmark(s). The return of the short-term reserves will be monitored against benchmark cash rates. The level of capital volatility will be monitored to ensure the risk profile remains appropriate for the Hall.

## **Approval and Review**

This Investment Policy Statement was prepared by the Investment Sub-committee of St Edmund Hall to provide a framework for the management of its investments. It will be reviewed on an annual basis to ensure continuing appropriateness.

Policy approved by the Investment Subcommittee for recommendation to Finance Committee and Governing Body approval.

**Date: 5 June 2025**

**Next review date: June 2026**