



UMEÅ UNIVERSITY

INVESTMENT POLICY FOR FOUNDATIONS AFFILIATED WITH UMEÅ UNIVERSITY

Type of document:	Policy ¹
Date of approval:	21 April 2021
Reg. no.:	FS 1.1-689-21
Approved by:	University Board
Validity:	Until further notice
Field:	Finance and accounting
Office in charge:	Planning Office
Replaces document:	Investment policy for foundations affiliated with Umeå University (FS 1.1-858-17) approved by the Vice-Chancellor on 12 June 2017

¹ This document has been translated from Swedish into English. If the English version differs from the original, the Swedish version takes precedence.



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1. Description

This policy describes how Umeå University will work with asset management of the University's affiliated foundations. Hence, the policy will state the responsibility and follow-up of the administration and rules for investing the applicable class of asset, ethics, and sustainability.

2. Background

The Umeå University Board is the highest executive body for the affiliated foundations. It must approve the annual report for each foundation as each is its own juridical person.

This investment policy covers asset management for the foundations affiliated with Umeå University as per the act concerning foundations (Stiftelselagen 1994:1220).

The sustainability perspective has been integrated into this policy. Due to the nature and contents of this document, the international, student, collaboration, work environment and accessibility perspectives have not been integrated into this document. This policy document is not considered to have any consequences on gender equality at Umeå University.

3. Purpose

This policy stipulates the rules for asset management.

The policy will

- Specify strategic decisions concerning the long-term administrative approach.
- Clarify the division of responsibilities.
- Act as a guide for day-to-day work and for external asset managers.

4. Objective

Long-term asset management is to be conducted. Returns must be good, and caution exercised with a reasonable level of risk within the framework for ethically acceptable choices. Dividend yields must be prioritised over value increments for foundations where only the profits may be utilised.



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5. Division of responsibility

The University Board is the trustee for affiliated foundations. The University Board approves the foundations' annual reports and applications for alterations, annulments and similar. Furthermore, the University Board commissions

- the Board's budget committee to decide on procurements and selection of external asset managers,
- the Board's budget committee to decide on allocation between shares, fixed-income securities and alternative investments, and other decisions of a strategic nature,
- the Vice-Chancellor to decide on the composition of the steering committee's members and auditors for smaller foundations (less than 100 price base amount),
- the Deputy University Director and Head of the Financial Office to continually manage the foundations' administrative tasks, including subscription rights,
- the steering committee or the appropriate faculty board to allocate the foundation's means to causes or projects as per the foundation's statutes.
- the Financial Office to oversee foundation management. This includes accounting records, bank contacts, annual reports, donations (wills and affiliated foundations etc.).

The Stockholm County Administrative Board is tasked with procuring auditors for foundations with a price base amount of over 100.

6. Investment rules

The affiliated foundations' assets are to be managed in the long-term, with good returns, with caution and a reasonable level of risk within the framework for ethically acceptable choices (see section 7). Dividend yields must be prioritised over value increments for foundations where only the profits may be utilised.

A portfolio's funds may be placed in the following categories

- Swedish fixed-income securities,
- Swedish shares and equity securities (also includes convertible bonds index certificates and discount certificates),



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- foreign shares (only in the Nordic countries or in a mutual fund with investment policy such as global shares or a combination of funds as per the equivalent definition),
- cash in Swedish currency (bank accounts),
- alternative investments (includes hedge funds, funds from hedge funds, commodity funds and products with a capital guarantee).

Swedish shares refer to listed shares that are bound to frequent trading on a regulated market in Sweden. Foreign shares refer to listed shares bound to frequent trading on a regulated market within the EEA or equivalent outside of the EEA, as well as another market either within or outside the EEA, which is regulated and open to the public.

For direct investments into individual securities, derivatives may mainly be used to reduce risk and streamline administration, and to increase the portion of the distributable amount. Approved positions include purchased put options and sold call options for existing holdings or index and may be up to a maximum of 10 per cent of the market value of the total portfolio.

Investments may be made in Swedish investment funds and the equivalent foreign funds placed into the above class of asset. Placing in exchange traded funds (ETF) is permissible if such an investment will lead to greater efficiency and better exposure to regions, sectors, commodities etc.

All funds must be regulated by Finansinspektionen (the Swedish Financial Supervisory Authority) or other EEA regulatory authority.

Taking out loans to finance investment activities is not permitted.

The table below includes the minimum, regular and maximal proportions of various classes of asset for a portfolio.

Class of asset	Minimum proportion	Regular proportion	Maximum proportion
Proportion of Swedish shares	20%	35%	65%
Proportion of foreign shares	0%	15%	25%
Proportion of total shares	20%	50%	65%



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Proportion of fixed-income securities	25%	40%	80%
Alternative investments	0%	10%	15%

If the above limits are exceeded, the assets must be sold or acquired correspondingly as soon as possible.

Guaranteed products with capital guarantee (share index obligations) are viewed as interest-bearing when the issuer (of financial instruments) meets conditions in accordance with what is stated below for fixed-income securities. Capital protected products may not be signed to premiums above 10 per cent. The risk level of these capital protected products must be below the stock market.

Shares assignable to an individual issuer or issuers within the same group may only be a maximum of 10 per cent of the portfolio's total market value. For fixed-income securities, the issuers must be the Swedish state or securities with a guarantee from the Swedish state. Swedish borrowers with long-term ratings of at least BBB-, borrowers with short-term rating of at least K2.

Maximal duration (weighted average running time) for the fixed-income portion of the portfolio must not exceed five (5) years.

7. Rules for ethics and sustainability

Chapter 1, Section 5 of the Higher Education Act states, *In the course of their operations, higher education institutions shall promote sustainable development to assure for present and future generations a sound and healthy environment, economic and social welfare, and justice.* The climate, Agenda 2030 and sustainable development are important, which is reinforced in the University's vision.

Umeå University must devote itself to sustainable development. The concept of sustainable development includes its three dimensions – social, economic, and environmental. Within the framework of responsible asset management, ethical and environmental consideration must be paid when choosing where to place the assets, and consequently contribute to Agenda 2030 and meet the sustainable development goals.

Furthermore, the assets must be placed with companies that follow the core ILO conventions, the OECD guidelines for multinational companies and the UN's Global Compact. The core ILO conventions address union rights,



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protection against enforced labour, abolition of child labour and protection against discrimination. The OECD guidelines address environmental protection, share of information, competition, consumer interests, science and technology and combating bribery, corruption and blackmail.

Investments must also observe the UN's Universal Declaration of Human Rights, the Declaration on the Rights of the Child, the Convention on Biological Diversity, and the Framework Convention on Climate Change. Nor may investment of the funds conflict with the international conventions Sweden has ratified.

Investments must not be made with companies that can be associated with reports of human rights violations (including pornography) or environmental violations, or with companies whose main operations involve alcohol, tobacco, weapons manufacture, or gambling companies.

Combating climate change is an utmost priority, hence investments must not be with companies that extract, refine or distribute fossil fuels.

Investments into investment funds must have ethical investment limits which primarily agree with this point. Umeå University continually follows up on the way the rules concerning ethics and sustainability are complied with.

8. Management

External assets managers are to be tasked with management. The University Board's budget committee will decide on the allocation between shares, fixed-income securities and alternative investments. The task must be assigned following a procurement, assuming there are no conditions attached to a donation or the donor has alternative wishes. Following the procurement, a written agreement for the asset management is to be signed.

9. Follow-up and reporting

The Deputy University Director must continually monitor the development of the asset management based on the external asset manager's reports. A report on the asset management must be submitted to the University Board each year in conjunction with the approval of the annual reports from the affiliated foundations.