Uganda Martyrs University

THE PREMIER CATHOLIC UNIVERSITY IN UGANDA

INVESTMENT POLICY

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1.0 Introduction

Since its inception, Uganda Martyrs University's funding has mainly been from tuition fees, (approximately 80%), projects (13%) and others (7%). This carries a high risk to the sustainability of the University in case of a drop in the numbers of students, hence there is a need to look for long term source of funds to sustain the University. In order to achieve this, the University requires a policy on investment.

To diversify the financing strategy and contribution of other sources of revenue, Management proposes an investment policy to facilitate generating revenue from alternative sources to finance the University programs, and to reduce the University's over reliance on students' tuition. The investment policy has been developed with a full view to set guidelines, procedures, and control of investment assets/ portfolio and income.

2.0 Definitions

An **investment** is an asset or item acquired with a goal of generating income or appreciation.
Fixed Asset investment is an investment with a fixed income
Real Estate investment is an investment in land and buildings
Equity investment is an investment in shares of companies

3.0 Investment Policy Goal

To protect the investments of the University and derive acceptable returns from them while maintaining sufficient liquidity to meet current and future obligations.

4.0 Objectives of this Policy

a) To establish the Planning & Investment committee headed by the Chief Finance Officer;

b) To identify viable investment projects for the University to invest in and create more value;

c) To guide the University on the investment risk exposure, expected return, and risk-return characteristics of investments;

d) Ensure prudent management of university investments according to agreed standards.

5.0 Scope of Investments

The Planning & Investment committee shall, in consultation with the Management committee, determine the period of investment ranging from short term, medium term and long term. The decision shall also include the mix of assets to invest in within the investment period approved.

a) **Short term**

The Investment duration shall be considered short term when the holding period of investment asset runs for up to one year.

b) **Medium term**

The investment duration shall be regarded as medium term when the holding period of asset is between two and five years.

c) **Long term**

The investment duration shall be regarded long-term when the holding period or asset usage of the investment asset is more than five years.

6.0 Source of funds

The funds to be used for investment shall among others include:

- Donations;

- Funds set aside from university revenues;
- Proceeds from previous investments.

7.0 General Investment Principles

Investments shall be guided by the following key principles:

- Principal amount;
- Sufficient Liquidity;
- Maximization of yield on the portfolio;
- Public trust from prudent investment activities;
- Conflict of interest.

8.0 Investment Procedures

a) Investment ideas shall be solicited from a number of available sources from UMU community and an inventory of possible investment projects drawn.

b) The Planning & Investment committee shall convene to analyze the investment ideas drawn before they are subjected to specialists for further and detailed business analysis.

c) The Planning & Investment committee shall convene again after receiving the analysts' report to further scrutinize the financial implications attached to the analyzed investment ideas and a portfolio analysis made.
d) The Planning & Investment committee shall make recommendations to Management which shall further discuss the proposals.
e) Management shall then consult on the legal implications of the investment to be undertaken and a certificate / report of legal compliance shall be obtained where necessary.
f) Management shall then present the investment proposals to the Finance committee of Council for discussion and

recommendation to the University Council for approval.

g) After the approval of the investment by Council, preparations for investment then shall follow, including mobilizing and committing funds to the project agreed upon.

h) The Chief Finance Officer (CFO) shall closely supervise the investment and regularly report to the Management committee as well as Council on the progress of the investments.

9.0 Authorized Investments

Investment assets are tangible or intangible items obtained for producing additional income or held for speculation in anticipation of a future increase in value. The University shall not invest in socially undesirable ventures. The following constitute eligible investments under this policy.

9.1 Fixed Asset Investments

The University shall invest in fixed assets like Fixed bank deposits, treasury bonds because of their low risk and guaranteed returns. This shall take the highest percentage of the investments

9.2 Equity Investments

The University shall invest in companies that are listed on the stock exchange within East Africa at the beginning.

9.3 Real Estate Investments

The University shall invest in land and buildings for rental income as well as selling at a profit.

10.0 Review of the Policy

The Policy shall be reviewed by the Governing Council from time to time.

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