

Investment Policy for Positive Light Foundation

1. Introduction

The purpose of this Investment Policy is to outline the principles, objectives, and guidelines that govern the investment activities of the Positive Light Foundation (the “Foundation”). This policy is designed to ensure that the Foundation investments are managed in a manner consistent with its charitable purpose, legal obligations, and sound financial practices. The policy reflects the commitment of the Foundation to maintain a balance between achieving investment returns and preserving the Positive Light Foundation assets to support its charitable objectives.

2. Investment Objectives

The primary objectives of the Foundation's investment strategy are:

- **Capital Preservation:** To preserve the Foundations capital in real terms over the long term.
 - **Sustainable Returns:** To generate an appropriate level of return to support the Foundation’s charitable distributions while adhering to the Positive Light Foundation risk tolerance.
 - **Growth of Assets:** Achieve growth in the portfolio to outpace inflation and ensure the real value of the Foundation is maintained or enhanced over time.
 - **Liquidity:** To maintain sufficient liquidity to meet funding requirements for distributions to Positive Light Limited and other eligible charitable beneficiaries.
 - **Ethical and Social Responsibility:** To ensure that investments align with the Positive Light Foundation’s charitable purpose and ethical guidelines, avoiding investments that contradict the Foundation's values or public expectations of responsible philanthropy.
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3. Legal and Regulatory Compliance

The Foundation’s investments must comply with all applicable laws and regulations, including:

- The *Public Ancillary Fund Guidelines* issued by the Australian Taxation Office (ATO).
- The *Charities Act 2013* (Cth).
- Australian Charities and Not-for-profits Commission (ACNC) regulations

- Income Tax Assessment Act 1997
- The *Corporations Act 2001* (Cth), where relevant.
- Any other relevant legislation or regulatory requirements.

The Fund will ensure that all investments align with the principles of charity law, meaning investments should not contradict or detract from the Foundation's charitable purposes.

4. Governance

Board of Trustees

The Board is responsible for:

- Establishing and reviewing this Investment Policy.
- Overseeing the management of the Foundation's assets.
- Ensuring compliance with regulatory requirements.

Investment Committee

The Investment Committee, if established, shall:

- Recommend investment strategies to the Board.
- Monitor the performance of the Foundation's investments.
- Select and evaluate investment managers or advisors.

Investment Managers/Advisors

External investment managers or advisors, where engaged, shall:

- Adhere to this Investment Policy and the Investment Policy Statement in managing assets.
- Report regularly (at least quarterly) on portfolio performance and any material changes.

Advisory Committee

The Advisory Committee shall:

- Approve or withdraw approval of any fund, authority or institution as an Eligible Entity
 - Advise the Trustee on how payments or applications of income and capital could be made under clause 4 of the Trust Deed for Positive Light Foundation.
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5. Risk Management and Diversification

The Foundation will manage investment risks through a diversified portfolio, ensuring that the risk of large losses is minimized through asset allocation across a variety of investment classes. The Foundation's investment portfolio should be diversified across:

- **Asset Classes:** Including but not limited to, cash, fixed income, government bonds, equities, real estate, and alternative investments.
- **Geographic Regions:** Investments should be spread across different regions, including international assets as appropriate.
- **Sectors and Industries:** Investments should not be concentrated in a single sector or industry.

The Foundation may engage professional advisors to help in risk assessment and to ensure a well-structured and diversified portfolio.

6. Investment Strategy and Asset Allocation

The Foundation shall adopt a strategic asset allocation approach that aligns with its long-term objectives and risk tolerance. The asset allocation will be reviewed periodically to reflect changes in market conditions and the Foundation's evolving needs.

The Foundation will focus on a blend of the following investment types:

- **Cash and Cash Equivalents:** To provide liquidity and stability to the Foundation.
 - **Fixed Interest:** Including government and corporate bonds, to generate stable income with lower risk.
 - **Equities:** Invest in shares of high-quality companies, subject to appropriate diversification, for capital growth.
 - **Alternative Investments:** Such as infrastructure, property, and other socially responsible investments, to enhance returns and provide diversification.
 - **Socially Responsible Investments (SRI):** Where feasible, the Foundation will prioritise investments that align with social responsibility and ethical guidelines, such as renewable energy, impact investing, and community-focused ventures.
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7. Investment Guidelines

General Principles

1. Investments must be made prudently, with the care, diligence, and skill that a prudent person would exercise in managing financial affairs.

2. Investments must generate income to meet distribution requirements and maintain asset growth.
3. Sufficient liquidity must be maintained to fund annual distributions and operational needs.

Prohibited Investments

- Investments inconsistent with the Fund's charitable mission.
- High-risk speculative investments, such as derivatives with excessive leverage or unregulated assets.

Responsible Investment

The Foundation will have an ethical overlay in relation to the type of investments that aligned with the Foundation's purpose.

8. Investment Restrictions

The Foundation may place certain restrictions on its investments to align with its philanthropic mission. These may include:

- **Investment Concentration Limits:** No single investment should exceed 10% of the total portfolio value, except in the case of government-backed securities or other low-risk instruments.
- **Ethical Constraints:** investments that are considered to be contrary to the Foundation's ethical standards will be excluded.
- **Prohibited Assets:** The Foundation will not invest in assets that do not align with its purpose, such as speculative or high-risk investments.

9. Investment Performance Monitoring and Review

The investment performance of the Foundation will be reviewed regularly to ensure that it is in line with the established investment objectives. Performance will be measured against appropriate relevant benchmarks, such as:

- Equities: [e.g., ASX 200 Index]
- Fixed Income: [e.g., Bloomberg AusBond Composite Index]
- Cash: [e.g., Reserve Bank of Australia (RBA) Cash Rate]
- the Consumer Price Index (CPI) or other relevant indices.

Reviews will include:

- **Quarterly Reviews:** The Foundation will monitor performance on a quarterly basis, assessing both short-term results and longer-term trends.
 - **Annual Review:** A comprehensive review will be conducted annually to assess the portfolio's alignment with the Foundation's objectives, performance benchmarks, and compliance with ethical investment guidelines.
 - **Independent Audit:** An independent audit of the Foundation's investments will be conducted annually to ensure compliance with regulatory and ethical standards.
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10. Review and Amendment of Investment Policy

This Investment Policy will be reviewed at least annually by the Trustee of the Foundation's to ensure its ongoing relevance and effectiveness. Changes may be made to the policy in response to evolving financial conditions, regulatory requirements, or changes to the Foundation's objectives.

10. Roles and Responsibilities

- **Board of Trustees:** The Board is responsible for the overall oversight of the Foundation's investment strategy, ensuring that the policy is adhered to and that investments are consistent with the Foundation's objectives.
 - **Investment Committee (if applicable):** If an Investment Committee is formed, it will be responsible for making investment decisions within the parameters established by the Board.
 - **Advisory Committee:** The Advisory Committee is responsible for determining which eligible entities are entitled to distributions from the Foundation and the amount.
 - **Investment Managers:** External investment managers, if appointed, will be responsible for the day-to-day management of the Foundation's investments, subject to the policies and guidelines set forth in this document.
 - **Fund Administrator:** The Fund Administrator will oversee compliance with this policy and ensure that appropriate reporting mechanisms are in place.
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11. Conclusion

This Investment Policy establishes a clear framework for the management of the Foundation's investments, balancing the need for financial returns with the responsibility to maintain the Foundation's charitable purpose. The Foundation is committed to ensuring that

its investments are managed prudently, ethically, and in a way that maximizes the benefits for its charitable beneficiaries.

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