

**Ministry of Education and Science of the Republic of Kazakhstan
KEJSC "Caspian University of Technology and Engineering named after Sh. Yessenov"**



INVESTMENT POLICY

translated from original copy

APPROVED
by decision of the Scientific Council
Protocol No. 4, October 19, 2020

REVIEWED
Protocol No. 7, October 10, 2023

| Date | A copy | Edition |
|------|--------|---------|
| | | First |
| | | Second |

- 1 **DEVELOPED AND ENTERED BY** Quality Assurance Office of Yessenov University October 2, 2023 .
- 2 **AGREED** by the decision of the Quality Council of Yessenov University October 6, 2023 , No. 3 protocol
- 3 **APPROVED AND IMPLEMENTED** by the Scientific Council of Yessenov University by decision of October 10 , 2023 , protocol No. 7

Inspection frequency - 3 years

Table of contents

1. General provisions
2. Objectives
3. Risk
4. Liquidity
5. Time horizon
6. Responsible Investment
7. Management, Reporting and Monitoring
8. Approval and Review

1. General provisions

1.1 Yessenov University investment assets are divided between (a) long term endowments, corporate capital and reserves which should be invested to provide income and capital growth or a total return sufficient to support spending requirements and maintain a capital value at least in line with inflation over the long term; and (b) shorter term endowments and other funds which should be invested emphasizing certainty of value and ready availability.

1.2 The spending rule for funds invested for total return is reviewed and agreed by the Investment Committee and Financial Management annually at a meeting.

2. Objectives

2.1 Yessenov University seeks to produce the best financial return within an acceptable level of risk.

2.2 The investment objective for Long-Term Funds is to generate a return, net of expenses associated with managing the funds, which

2.2.1 is in excess of inflation over the long term and

2.2.2 generates income or sustains withdrawal (as the case may be) sufficient to support the ongoing activities of the College:

2.2.2.1 at a level which is reviewed annually by the Investment Committee and Financial Management;

2.2.2.2 does not prejudice long term capital preservation in real terms; and

2.2.2.3 complies with relevant donation agreements or terms of trusts.

2.3 The investment objective for Short Term Funds is to preserve the capital value with a minimum level of risk. Assets should be sufficiently liquid to meet anticipated cash requirements.

2.4 Yessenov University is either permitted or required to adopt a total return approach on a substantial proportion of its assets. The total return approach generates the investment return from (a) income (whether accrued or received) and (b) capital gains or losses (whether realized or unrealized); less (c) the costs of management (accrued or paid). For Long-Term Funds within this category, it is expected that, if in any one year the total return on the investments is insufficient to meet the budgeted expenditure or spending rule applicable to the funds, then the real value of the portfolio over the long term will still be maintained, in accordance with the investment objective above. Conversely, returns in excess of the spending rule applicable to the funds will be retained to achieve those investment objectives.

2.5 For a small proportion of its Long-Term Funds, the terms of the trusts require that Yessenov University may only spend the income generated. The maintenance of the capital value of such funds is of greater importance than short-term income requirements. It is the medium-term intention of the College to make the constitutional and governance changes required to permit a total return approach to investment of these funds.

3 Risk

3.1 The University's principal financial risks and uncertainties relate to being under-capitalized in an uncertain economic environment, while facing the challenges of the higher education sector.

3.2 A key risk to the Long-Term Funds is inflation and these assets should be invested to mitigate this risk over the long-term. The key risk to the Short-Term Funds is financial security because they are expected to be required within a short timeframe and these assets should be invested to achieve this goal.

3.3 Yessenov University assets may be invested widely and should be diversified by asset class and security. The Investment Committee is charged with agreeing a suitable asset allocation strategy for the funds with the investment managers.

3.4 Yessenov University expenditure and the base currency of the investment portfolio is sterling. Investment within the portfolio may be made in non-sterling assets. Currency hedging is permitted in order to reduce the portfolio's exposure to negative currency fluctuations against sterling.

3.5 Yessenov University management of its operational cash balances is contained within a separate policy.

4 Liquidity

4.1 The Investment Committee reviews the capital and income withdrawal required from the funds annually based on budgeted expenditure and spending rules for funds invested for total return and it addresses the liquidity considerations which arise from these requirements.

4.2 Yessenov University operates a substantial income earning business in the form of academic fees, charges for the provision of accommodation and catering to students and for commercial conferencing. Yessenov University manages its operational cash requirement by reference to regularly updated cash flow forecasts.

5 Time Horizon

5.1 Yessenov University is expected to exist in perpetuity and the Long-Term Funds should be managed in accordance with the investment objective in paragraph 2.2. in order and to ensure its sustainability.

6 Responsible Investment

6.1 Yessenov University exercises its investment powers in accordance with the fiduciary duties pertinent to charity trustees, i.e. it exercises them primarily in the best interests of Yessenov University and to financially support its objects of education, learning, and research and maintenance of the University.

6.2 In addition to the level of investment return, it addresses the following considerations:

6.2.1 It seeks not to invest in activities that are illegal or contravene international conventions;

6.2.2 It seeks not to invest in businesses that would create a patent or reasonably self-evident conflict with the University objects;

6.2.3 It takes into account environmental, social and governance considerations, where doing so is consistent with the financial interests of the University, for example it may choose to avoid investments that are seen as having the potential to deter supporters, benefactors or beneficiaries

if on balance alienating these groups would cause greater financial harm than the decision not to avoid the investments in question;

6.3 In its choice of investment managers, the University favors those which have strong responsible investment policies and where the managers have also generated excellent financial returns over the long term.

6.4 The Investment Committee regularly reviews their investment managers' policies on corporate governance as well as social, environmental and ethical investment.

7 Management, Reporting and Monitoring

7.1 Yessenov University appoints managers to manage financial assets on a discretionary basis in line with this investment policy. The University has nominated a list of authorized signatories, two of which are required to sign instructions to the investment manager.

7.2 The University appoints advisers to advise on individual property assets.

7.3 The University appoints professional custodians to provide custody for quoted investments managed on a discretionary basis.

7.4 The investment managers of financial assets will provide the following information on at least a quarterly basis: valuation of investments, transaction report, cash reconciliation, performance analysis and commentary.

7.5 The Investment Committee, chaired by the President, has oversight of and monitors the investment assets. The Committee meets once a term and will review the information provided by the investment managers at each meeting. The investment managers of active portfolios will be required to present in person to the Committee as the Committee sees fit, normally on a termly basis.

7.6 Performance of the Long-Term Funds will be measured against inflation and agreed market indices. The return of the Short-Term Funds will be monitored against benchmark cash rates.

Approval and Review

8.1 This Investment Policy Statement will be reviewed on an annual basis to ensure continuing appropriateness.