

INVESTMENT POLICY

1. Scope

This Investment Policy applies to all funds placed in Bank Accounts, Term Deposits, Gilts or Money Market Funds, placed with Cash Managers and any other short term investment.

It applies to all such investments of the University of Exeter, any of its subsidiaries that carry marketable and liquid investments and any joint ventures where it is agreed that Corporate Finance will provide an Investment Management Service.

2. Principles

- a. The overriding principle guiding the investment and deposit of surplus cash funds is to safeguard the assets invested.
- b. Investments will be spread to minimise risk.
- c. Adequate liquidity will be maintained to meet working capital requirements.
- d. Term Deposits and Bank Accounts will only be placed with Counterparties on the Counterparty List and a credit rating check will be run on Counterparties before placing investments.
- e. For the time being returns will not form part of the decision as to which Counterparty to invest in.

3. Principal Banker

A maximum of £20m may be held with RBS/National Westminster. This limit includes all Term Deposits and Current and Deposit Accounts.

4. Counterparty Credit Ratings

All Bank Account, Term Deposit and Money Market Counterparties must have a Credit Rating of at least F2 (Fitch), P-2 (Moody's) or A-2 (Standard & Poors). Where Credit Ratings are available from more than one of the above agencies, all of the Credit Ratings must be consistent and must comply with the above levels.

Counterparties must not have a ratings watch negative.

Exceptions to the Credit Rating requirements detailed above will be considered on a one-off basis. As at the Effective Date of this Policy the Counterparty List does not include any Counterparties that do not reach the required standard.

The Director of Finance may at his discretion, exclude from the Counterparty List any Counterparty who, though meeting the Credit Rating requirements, is for other reasons considered too high a risk.

## 5. Term Deposits and Bank Accounts

Counterparties are listed on the following Counterparty List. Investments may be placed for a maximum of one month and the schedule below details the maximum exposures:

<b>COUNTERPARTY LIST</b>	
	<b>Total exposure £m</b>
Barclays	10
Lloyds Banking Group (LloydsTSB/HBOS)	8
RBS/National Westminster	20
Santander (UK) (call accounts only)	4
UBS	4
Wells Fargo	4
Close Brothers	4
Co-operative Bank	4
National Bank of Australia (Including Clydesdale & Yorkshire)	4
Nationwide	4
Standard Chartered	4
Coventry Building Society (Last Resort)	4
Leeds Building Society (Last Resort)	4
Cash Manager (including Gilts)	20
<b>Totals</b>	<b>98</b>

These comments are to be applied in interpreting the Counterparty List:

- a. Investments must be placed with the UK branch of the Counterparty and must, with the exception of any matched Euro deposits, be in Sterling.
- b. Investments may be placed with Coventry and Leeds Building Societies only when no other Counterparty is available.
- c. The Counterparty Limit is based on original investment. The maximum level of investment including earned interest and rolled-up interest is limited to 105% of the Counterparty Limit.
- d. Counterparties are aggregated on a Group basis.
- e. For operational reasons the definition of one month in this context has been extended to cover a period of 35 days.
- f. In exceptional circumstances the Director of Finance or the Deputy Director of Finance may authorise deposits for terms and levels exceeding the Counterparty limits shown above. Any such authorisations are to be confirmed in writing in advance of the transaction.
- g. In the event that the Credit Rating of a Counterparty is downgraded whilst a fixed Term Deposit is placed with them then it will be assessed on an individual basis

as to whether it is possible or appropriate to break the deal, taking into account the availability of appropriate investment opportunities.

6. Gilts

A maximum of £15m may be used to buy gilts either directly or through the Cash Manager.

Up to £5m of the £15m limit can be held through a triple-A rated Money Market Fund.

7. Cash Management Portfolio

A maximum of £15m may be placed with the Asset Manager RLCM (Royal London Cash Management) within a segregated fund. In addition a further £5m may be placed in gilts via the Cash Manager.

8. Effective Date

This Investment Policy replaces that dated 8 April 2010.

It is effective from 15 November 2011.