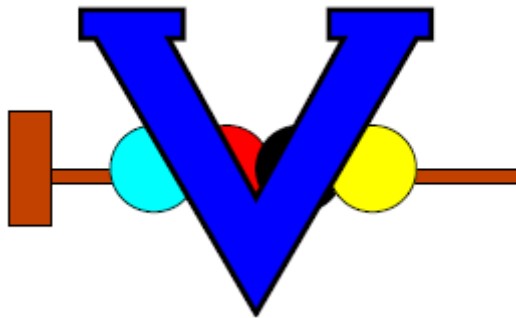

INVESTMENT POLICY



Victorian Croquet Association Inc

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Contents

1.....Purpose	3
2.....Background	4
3.....Scope and responsibilities	4
4.....Roles and responsibilities	6
5.....Risk appetite	7
6.....Investment objectives.....	8
7.....Asset Allocation.....	9
8.....Investment guidelines	10
9.....Reporting and benchmarks.....	12
10. ...Other parameters	12
11. ...Policy Breach	12
12. ...Policy adoption	13
13. ...Document history.....	13

1. Purpose

The purpose of this Investment Policy is to provide:-

Alignment of the investment portfolio to the Vision, Mission & Values of VCA

The investment portfolio must be designed having consideration for the income and capital objectives of Victorian Croquet Association Inc (VCA). The portfolio is to exhibit the characteristics and attributes required to deliver on the organisation's objectives.

Corporate governance

The Croquet Victoria Council believes in strong corporate governance and this document forms a robust and considered Investment Policy which provides confidence for VCA's key stakeholders.

Evidence of prudence

A well-constructed Investment Policy demonstrates the Council's prudent investment management principles and processes.

A system which provides evidence of compliance

The processes and systems outlined in this document act as proof of compliance with VCA's various regulatory requirements.

Continuity

The Investment Policy provides clear continuity for the existing and future Council, Finance Committee and Investment Advisory Group (IAG) members.

A framework to review the investment philosophy and portfolio objectives

This document serves as a reference point for reviewing VCA's investment philosophy and the portfolio objectives on a periodic basis.

Risk appetite and risk considerations

This document ensures that risks are appropriately considered and managed.

2. Background

In 2002, delegates from the Croquet Victoria regions approved the sale of the then Croquet Victoria headquarters at 38 Warleigh Grove, North Brighton and the establishment of a new headquarters at the then Cairnlea Residential Estate, Furlong Road, Deer Park.

Funds from the sale were to be used to establish the new headquarters, with the residue to be invested to "... both protect the capital against long term inflation and produce an annual income for the future development of croquet in Victoria" and that "part of the income from the capital be used to employ a trained experienced Sports Administrator to assist State Council, the Committee of management and the sub-committees of Croquet Victoria to effectively administer and grow croquet in Victoria." Council also realised that it would have to move away from the then volunteer model of running the Victorian Croquet Centre and some of the income from the investments would be needed to pay for the professional supply of services.

The sale realised \$7.85 million and after construction of the new Victorian Croquet Centre at Cairnlea, the Council determined, in April 2005, that \$3 million be invested as had been resolved in 2002 and determined that JBWere to be the preferred managers of the invested funds. In June 2005, Council established the Investment Advisory Group as an advisory body, separate to Council and its other committees, to advise Council on the management of the investment. In establishing the IAG, Council accepted the Finance Committee recommendation that the anticipated return from the investment be 3% above inflation, including the management fees.

3. Scope and responsibilities

This Investment Policy will apply to all decisions underpinning the management of VCA's investments. This Investment Policy will also be considered if and when there is a significant change to the organisation's requirements.

The Croquet Victoria Council has delegated the management and responsibilities of the investment portfolio to the Finance Committee and in turn the IAG. The governance and structures established will enable the IAG to manage the portfolio effectively within well-defined parameters. The Croquet Victoria Council has the ultimate responsibility for the governance of the investment portfolio.

This Policy should be read in conjunction with the following key documents:-

- The Constitution;
- The Income Tax Assessment Act 1997; and
- Any other relevant legislation and accounting standards.

3.1 The Investment Advisory Group

VCA will appoint an IAG consisting of:-

- Three appointed members, not necessarily affiliated with Croquet Victoria but with extensive experience in investment matters; and
- The Croquet Victoria Treasurer as a non-voting ex-officio member.

Members of the VCA Council and any Croquet Victoria Finance (or similar) Committee/s are ineligible for appointment to the IAG. The provisions of the Croquet Victoria Appointees, Sub-Committees and Working Groups Policy as amended, apply to the IAG.

Should there be less than the necessary number of members appointed to the IAG, the members so appointed may make recommendations to the VCA Council for other, suitably qualified, persons to be appointed to the IAG. The IAG will continue to act, notwithstanding any vacancy in the group.

The responsibilities of the IAG are to:-

- Recommend, for VCA Council appointment, suitable companies or individuals to manage Croquet Victoria investments ("the Investment Manager");
- Periodically review the VCA investment fund management and performance and make recommendations for any change to VCA Council;
- In conjunction with the Investment Manager review the Investment Policy annually to ensure that it is appropriate for the risk profile and goals and objectives of the VCA. If any changes are required then the IAG is to recommend these to the VCA Council for approval.

In order to discharge these responsibilities, the IAG will:-

- Maintain a close relationship with the Investment Manager and meet with them bi-annually; and
- Meet whenever the members feel necessary and the calling of, and procedures at, such meetings will be in accordance with the VCA Constitution.

The quorum for meetings of the IAG or for IAG participation in meetings with the investment fund management is a majority of the members.

The IAG will report to the VCA Council quarterly making any necessary recommendations concerning the structure of the investment funds portfolio as well as its performance.

The IAG will maintain minutes of its meetings, including of its meetings with the investment funds management. It will provide a copy of such minutes and supporting papers to the VCA Secretary, within seven days of each meeting, in accordance with the Croquet Victoria Constitution and the Appointees, Sub-Committees and Working Groups Policy.

4. Roles and responsibilities

4.1 Council

The Croquet Victoria Council has approved this Investment Policy. Due to the nature of the financial markets and the potential for change in the underlying investment strategy and portfolio over time, an annual review of this Policy, including the investment guidelines, will be conducted by the Finance Committee and IAG.

4.2 Delegated authority

The following functions and delegated authorities apply:-

Investment Advisory Group	Approval is required from any two appointed members to transact within the guidelines and parameters of this Investment Policy
Croquet Victoria Council	To invest outside the guidelines and parameters of this Investment Policy.

5. Risk appetite

VCA has a Balanced Growth risk profile. When investing to obtain appropriate returns the Croquet Victoria Council, Finance Committee and IAG are mindful of the inherent risks. These risks are considered because they offer a reasonable expectation of compensation in the form of returns above the risk free rate (excess returns) over the time horizon of the portfolio.

Risks accepted in order to pursue the investment objectives fall into four categories:-

5.1 Liquidity risk

The Council recognizes that short term risks may arise and there is potential for the portfolio to experience a shortfall in the income required to meet the expected distributions from the portfolio. To offset this, the portfolio should:-

- Maintain sufficient liquidity; and
- Reasonably forecast the expected cash flows and costs of the portfolio.

These steps will reduce the likelihood of having to sell or redeem longer term investments at inappropriate times in investment cycles.

5.2 Credit risk

Credit risk (or counterparty risk) is the risk of default by a counterparty on its contractual obligations for Fixed Interest investments. A framework exists in this Investment Policy to ensure that risk exposures remain within approved limits based on the credit ratings of financial instruments and counterparties. The VCA's appointed Investment Managers are required to ensure the credit quality of the investments is within their agreed mandates.

5.3 Market risk

The portfolio will include exposure to a diverse range of investments which the Finance Committee expects will produce positive returns. This approach produces market risk that needs to be effectively managed and monitored. Given the long term nature of the portfolio, inherent market volatility is understood to be an acceptable factor in achieving positive long term investment returns.

5.4 Manager risk

In the event that the IAG engage fund managers to invest a component of the portfolio's investment capital this entails risks. In particular, the manager may exceed or fall short of the objectives set for them. Manager risk is generally mitigated by:

- Careful selection, sound judgement and monitoring of managers to ensure there is sufficient confidence that each manager warrants their mandate; and
- Monitoring the composition of the active managers to ensure that there are no unintended biases away from the intended investment strategy.

6. Investment objectives

The overarching investment objectives of the VCA are to:-

- Manage the investment capital in a sustainable manner to fund the mission, social objectives and purposes of the organisation;
- Maximise the return on the organisation's investment capital within prudent risk parameters. The anticipated return, over time, is to be 3% above inflation (inclusive of portfolio management fees).
- Generate investment income that supports the organisation and assists it in achieving its mission and goals.; and
- Manage investment market risk through prudent financial management and diversification.

The performance of the investment portfolio after each twelve-month period will enable VCA to determine what resources are able to be accessed, ideally after preserving the ongoing value of the initial \$3.0 million investment.

7. Asset Allocation

The portfolio's asset allocation should be reviewed at each IAG meeting and where sensible amended based on the prevailing investment environment.

The following permissible asset classes and asset allocation bands should be utilised:-

Asset Class	Asset Allocation Bands
Cash	0% - 50%
Fixed Interest	20% - 60%
Australian Equities	20% - 65%
International Equities	0% - 30%

The asset allocation bands listed above provide flexibility as the investment environment changes whilst allowing the portfolio to manage liquidity events such as significant withdrawals from the portfolio.

Socially responsible investing

The IAG portfolio will not knowingly directly invest in an organisation whose principle business undertakings or products are in conflict with the ethics of VCA. Specifically, there will be no direct investments made in companies deriving material sales revenues (more than 15%) on a combined basis from any of the following industries:-

- Tobacco
- Alcohol
- Gambling
- Armaments
- Pornography industries

When evaluating companies to be included in the portfolio, the investment adviser will take all prudent steps to ensure that they do not have inappropriate exposure to the industries mentioned above.

The ethical investments guidelines are not be applicable when investing via managed investments (Listed Investment Company, index fund, exchange traded fund (ETF) or managed fund) due to the individual investment decisions being deemed "arm's length" in nature.

The IAG understands and accepts that the exclusion of industries and specific stocks has the potential to limit the investment opportunities available to the investment adviser and as such limit the risk adjusted return generated by the portfolio.

8. Investment guidelines

8.1 Cash

Allowable investments:

- Cash at call;
- 11am at call accounts;
- Australian Cash Management Trusts; and
- Term Deposits from an Authorised Deposit-taking Institution (ADI).

8.2 Fixed Interest

Allowable investments:

- Australian Commonwealth, State Government and Semi Government Bonds;
- Corporate Bonds;
- Hybrid Securities; and
- Fixed Interest managed funds.

Constraints:

- All securities in this asset class must be investment grade as measured by Standard & Poors long term issuer credit rating;
- The maximum exposure to any direct Fixed Interest security other than Australian Commonwealth Government Bonds is 25% of the total value invested in this asset class; and
- The maximum exposure to any single active managed fund is 50% of the total value invested in the asset class. There is no maximum exposure to index funds.

8.3 Australian equities

Allowable investments:

- Direct Australian listed equities included in the Standard & Poors /ASX 200 index; and
- Australian equity managed funds, listed investment companies, exchange traded funds and index funds.

Constraints:

- The maximum exposure to any one single direct listed company is 20% of the total value invested in this asset class; and
- The maximum exposure to any single active managed fund is 50% of the total value invested in the asset class. There is no maximum exposure to index funds.

8.4 International equities

Allowable investments:

- International managed funds, listed investment companies, exchange traded funds or index funds.

Constraints:

- The maximum exposure to any single active managed fund is 50% of the total value invested in the asset class. There is no maximum exposure to index funds.

Currency

A view on the currency exposure can be taken where there is a real prospect that being fully or partially hedged or unhedged has the potential to add real performance value to investments in this asset class. Our investment advisers will provide advice and recommendations on this in a timely manner.

Prohibited investments

At no time shall this portfolio invest in or undertake to procure:-

- Derivatives;
- Enter into any type of margin lending arrangement, nor shall it leverage the portfolio; or
- Collateralised debt obligations (CDO's).

9. Reporting and benchmarks

A performance report for the portfolio will be compiled by the investment adviser and reviewed by the IAG on a quarterly and annual basis. The report should include the asset allocation, asset class and overall portfolio returns relative to their respective benchmarks after investment management fees.

The following asset class and overall portfolio return benchmarks are to be utilized:-

Asset Class	Benchmark
Cash	Bloomberg AusBond Bank Bill Index
Fixed Interest	Bloomberg AusBond Bank Bill Index + 1%
Australian Equities	S&P/ASX 200 Accumulation Index
International Equities – Hedged	MSCI World ex Australia Index hedged to A\$
International Equities – Unhedged	MSCI World ex Australia Index A\$

The IAG will use these reports to provide the Council with a summary as each quarterly report is finalized, with full copies held by the President, Secretary and Treasurer.

10. Other parameters

No funds are to be transferred to VCA Accounts until they are authorized by vote at a VCA Council meeting and in accord with priorities determined by VCA Council. Monies can only then be transferred from our Investment Manager by request with two signatures from either the VCA President, Secretary or Treasurer. Our Investment Manager will only transfer monies to a previously advised bank account, such advice requiring at least two signatures.

11. Policy Breach

All incidents of non-adherence to the Policy will be addressed in accordance with VCA's relevant policies and procedures.

If there is any breach of asset allocation or investment guidelines, the IAG and Treasurer will be notified immediately by your appointed Investment Adviser. An appropriate course of action must be agreed to within 10 business days.

12. Policy adoption

This Investment Policy was adopted by the Croquet Victoria Council.



Chairperson

Date: **8 May 2017**

13. Document history

Date	Owner	Author	Change reference	Reviewed by