



Investment Policy Statement

April 2024

INVESTMENT POLICY STATEMENT			
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1. Introduction

1.1 Context

This Investment Policy Statement (IPS) is intended to govern the investment funds of Queensland Rife Association ("QRA") in line with its Strategic Purpose to develop an environment that enhances organisational and club administration for long-term sustainability while supporting quality facilities to allow members to learn, develop and compete in a professional and supportive way.

QRA is a not-for-profit organisation and has tax-exempt status.

1.2 Investment Beliefs

The Board believes that investment decisions regarding critical funds should reflect the purpose and time horizon of those funds, and that risk needs to be taken to earn additional returns over the risk-free rate.

An appropriate Strategic Asset Allocation, combining different asset classes with different risk/return profiles, is the key to successful long-term investment outcomes.

Diversification is important in mitigating risks within individual asset classes.

The Board believes that its goals will be met through a prudent investment strategy, managed by expert advisers, and closely governed by a Finance Committee.

The Board has the right and obligation to invest in line with its principles, particularly with respect to the social and operating framework of the organisation.

1.3 Responsible Investment Beliefs

QRA is committed to the community in which it operates. It seeks to invest as a responsible community member and to ensure that the investments are consistent with its specific mission.

We believe we have a duty to our stakeholders and the communities we work with to manage our portfolio responsibly.

We believe Environmental, Social and Governance (ESG) risks will impact portfolio investment risk and return over the long term. These factors need to be broadly considered, however, QRA does not hold specific beliefs that need to incorporate into the portfolio.

1.3.1 Manager Selection Process

When evaluating investment managers and portfolios that may be included in the investment portfolios, the Investment Adviser should ensure ESG is considered as part of the selection process. This may include:

- A review of the investment manager's ESG policy.
- An understanding of how ESG risk management is built into the manager's investment process.
- Determining whether ESG risks are being carefully considered as part of the asset or security selection process.
- Ensuring ESG risk management is appropriately built into proxy voting policies, where applicable.
- Consideration of how ESG issues are being managed within the portfolio by the external investment manager and how these ESG issues may impact QRA's portfolios.

Once an investment manager has been selected, the Investment Adviser will then engage with the manager and monitor the integration of responsible investment into their processes.

2. Investment Objectives

2.1 Time Horizon

QRA is investing two pools of funds, with both pools expected to be invested for the longer term.

2.2 Return Objective

The investment objective of both portfolios is to provide capital growth and income to support QRA's objectives.

In order to maintain purchasing power over the long term, the Board has adopted an inflation-linked return target of CPI +4% over a rolling 10-year period for both portfolios.

QRA is also holding operational cash on its balance sheet, however this cash will be considered as part of the portfolio overall Strategic Asset Allocation.

2.3 Risk Objectives

In seeking to optimise investment returns, the Board is mindful of risks that are inherent in investments. Those risks are considered both because they have an impact on the value of the valuable contributions of community members and other stakeholders, but also because risk is expected to be offset by a reasonable expectation of returns over the time horizon of the investment fund. Risks accepted in order to pursue the investment objective fall into a number of broad categories, including market risk, credit and liquidity risk.

Principal exposures include:

- equity market risk, both globally and in Australia;
- debt market risk, including interest rate duration, credit spread duration, credit quality migration and default risks;
- currency exposure, including risks of movement in the value of both the Australian dollar and any foreign currencies held;
- active or benchmark risk, driven by active managers divergence from the benchmark across sectors, geographic region, styles, and large vs. small stocks when looking to deliver above benchmark returns;
- liquidity risk, the time it takes to convert investments to cash can vary and is heightened during periods of market stress particularly within alternative asset classes.

2.4 Liquidity Requirements

QRA manages the Fund's investments to meet its cash flow requirements and Financial Controls Policy. It believes that less liquid asset classes can enhance risk-adjusted returns over the long term.

3. Spending Policy

Distributions from QRA to associated programmes are yet to be determined, and therefore there is not a specified quantitative or qualitative withdrawal requirement for the portfolio. The Board however retains absolute discretion to determine the specific level of distributions at any given time and will document the reasons for these withdrawals.

If not all income distributions are spent in a given year, as outlined by the QRA Approved budget, any leftover funds will be reinvested in the long-term portfolio in line with the agreed Strategic Asset Allocation ranges.

4. Investment Strategy

4.1 The Characteristics of the Investment Strategy

The purpose of the investment strategy is to support QRA in meeting its long-term operational and strategic goals. The requirement of the long-term reserve is the generation of capital growth and income in support of the purpose and strategic direction of QRA.

4.2 Strategic Asset Allocation

The Board acknowledges that long-term investment returns are driven primarily by a Strategic Asset Allocation (“SAA”) which reflects the long-term performance of different asset classes.

The QRA Site User portfolio and QRA Long Term portfolio will be managed in line with the SAA ranges documented in Table 1. Should the purpose and requirements of one of the portfolios change, we will revise and set an updated asset allocation.

Table 1: Strategic Asset Allocation and ranges (Invested portfolios – Modified Domestic High Growth)

Asset Class	Minimum	Maximum	Strategic Asset Allocation
Cash	0%	10%	2%
Fixed Income	0%	0%	0%
Defensive Alternatives	0%	0%	0%
Australian Equities	45%	70%	57%
International Equities	10%	35%	23%
Real Estate	0%	15%	8%
Growth Alternatives	5%	20%	10%
Defensive Total			2%
Growth Total			98%

QRA is also managing operational cash through its balance sheet, and expects that when accounting for both Investment accounts, and its operational cash, the overall portfolio allocation will be in alignment with Table 2.

Table 2: Strategic Asset Allocation and ranges (Combined invested portfolios & working capital – Modified Domestic Balanced)

Asset Class	Minimum	Maximum	Strategic Asset Allocation
Cash	20%	50%	28%
Fixed Income	0%	0%	0%
Defensive Alternatives	0%	0%	0%
Australian Equities	30%	55%	42%
International Equities	10%	35%	17%
Real Estate	0%	15%	6%
Growth Alternatives	5%	20%	7%
Defensive Total			28%
Growth Total			72%

4.3 Portfolio Rebalancing

Rebalancing will be undertaken by the Investment Adviser on a quarterly basis. It will also be undertaken when additional cash is added to the portfolio, or withdrawn, to ensure the portfolio aligns to the SAA.

4.4 Benchmark Selection

Investment adviser and underlying manager performance is to be evaluated against the CPI investment objective as well as an asset class weighted composite of market-related benchmarks.

Asset Class	Benchmark
Cash	RBA Cash Rate Return - Total Return
International Shares	MSCI AC World Index - Net Return (Unhedged in AUD)
Australian Shares	S&P/ASX 300 - Total Return
Property	International Listed Property – FTSE EPRA/NAREIT Developed - Net Return (Unhedged in AUD) Australian Listed Property – S&P/ASX 300 A-REIT - Total Return
Growth Alternatives	Bloomberg AusBond Bank Bill Index + 3% Hurdle

4.5 Investment Restrictions

The following investment restrictions apply:

- No direct investment in assets which involve lending arrangements, repurchase agreements or leverage (including warrants, options or other derivatives) for use as return generation investments. Derivatives may be used for risk management, efficient portfolio management or hedging purposes.

5. Governance of the Investment Policy

5.1 The Board of the Queensland Rifle Association

The Board of QRA has ultimate responsibility for ensuring that the investment of funds is properly managed.

The Board delegates powers to the Finance Committee to engage in discussions with the Financial Advisor. The Finance Committee is authorised to review investment matters and make recommendations to the Board for approval.

Specifically, the Board is required to:

- Create, maintain and review the Investment Policy;
- Approve asset allocation bands, investment guidelines, and portfolios;
- Appoint members to the Finance Committee; and
- Set, review and amend when appropriate the spending or draw down policy, ie determine how much of the income or realised gains within the funds can be used for specific expenditures.

The Board will also review the management of the portfolio in line with its internal Risk Controls policy, and ensure that it adheres to this policy. The QRA Risk Policy will be attached to this document.

5.2 The Finance Committee

Successful investment outcomes can only be achieved via access to dedicated resources. This may be internal staff or, if they are not available (or the Board choose not to delegate to internal resources), may be outsourced to an appropriately skilled and qualified committee of individuals who can undertake this task. This committee includes external appointments invited to perform this role but should specifically exclude any investment managers or advisers who may be appointed by the Committee.

The Finance Committee will make recommendations to the Board on the following:

- Changes to investment policy;
- Changes to asset allocation bands;
- Changes in the risk environment;
- The appropriate asset allocation for the funds;
- Report to the Board on performance and compliance of the investments;
- Nominate persons to be members of the Committee; and
- Report to the Board on any other matters that are relevant as required.

To meet these objectives, the Finance Committee has the following functions:

- To recommend the allocation of funds across asset classes in a prudent manner and in accordance with the Board's statement of investment objectives in this document;
- Has delegated authority to discuss and recommend tactical allocations within the Board's approved asset allocation bands;
- Provide recommendations to nominate, appoint and terminate investment managers with all actions to be ratified by the Board;
- Monitor and report on the performance of the investment portfolio and the performance and compliance of investment managers to the board;

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- Comply with all relevant investment policies and guidelines;
 - Minute all Committee meetings, with clear definition of resolutions.

5.3 Responsible Person

The Executive Officer (“EO”) of QRA is designated as the Responsible Person and is responsible to the Board for the day-to-day administration of the investment portfolio. The Treasurer/Finance Committee Chair coordinates meetings of the Committee and provides the necessary support for research and information requirements. Actions decided upon by the Committee will normally be implemented by the CEO. Specific responsibilities include:

- Preparing performance reports for the Committee and the Board;
- Preparing compliance reports for the Committee and the Board;
- Investing the cash component of the investment portfolio where required; and
- Managing the relationships with the investment adviser.

The CEO has the delegated authority to deal with gifts/bequests of real property in accordance with the investment policy and other matters relating to the use of cash resources.

5.4 Investment Adviser

The Board may appoint advisers with respect to investment policy, including asset allocation, manager research and specialist asset classes. Any appointed adviser must act in accordance with this IPS.

It is the expectation of QRA that the Investment Adviser will provide quarterly performance reporting, and present to the Committee/Board twice a year. The quarterly report due dates and presentation dates will be advised by the Executive Officer at QRA.

5.5 Review of Investment Policy

The policy shall be reviewed and updated at least every three years or as required to account for major changes in investment objectives and guidelines. In the first year of the policy’s implementation, the Board should be regularly updated by the Committee to enable any amendments to be made to ensure the objectives of the Board are likely to be achieved.

5.6 Breaches of Investment Policy

Where the investment adviser is in breach of the terms of the Investment Policy, the Finance Committee must conduct a review of the causes of the breach. Depending on the findings of a review the investment adviser may be terminated outside the formal review cycle.

The investment adviser will provide reporting on a quarterly basis where it will review, identify and disclose any breaches of this policy and the materiality of the breach to the Board.