1. Purpose

The purpose of this Investment Policy is to establish guidelines for the investments of the Planning Institute of Australia (PIA).

2. Definitions

In this document:

'Portfolio' means the investment portfolio consisting of all of PIA's assets (including PIA's cash for working capital purposes, PIA's cash available for investment, PIA's property assets and PIA's other growth assets);

'Financial Year' means a one year period ending 30 June;

'Investment Strategy' means the set of rules, behaviours and procedures designed to guide PIA's selection of an investment portfolio. The Investment Strategy is attached to this Policy in Appendix B; and

'Policy' means this document as amended from time to time.

It is also to be noted that the time horizon definitions for Investments are as follows:

- Short term – less than 5 years
- Medium term – between 5 to 10 years
- Long term – over 10 years

3. Investment Objectives and Constraints

The main objective of this Policy is to ensure that any assets not required for working capital purposes are wisely invested to provide PIA with additional revenue, and to generate total returns (capital and income) which exceed the outgoings and to maintain the real capital value of the investments over time. This is to be performed in a manner which does not conflict with PIA's policy positions.

A. The other objectives of the Policy are listed below, in descending order of priority:

    ii. To enhance revenue generated from Portfolio funds by investing in a range of asset classes;
    iii. To maintain and possibly increase the long-term real value of PIA's assets; and
    iv. To maximise returns whilst managing the risk within the limits imposed by this policy and other resolutions of the Board.

A. The Portfolio is also subject to the following constraints:

    i. Must not expose PIA to a significant risk of loss of investment capital by investing beyond the asset class limits as specified in this Policy;
    ii. Must be managed with a view to ensuring that PIA will have sufficient liquidity to meet expected cash flow requirements; and
    iii. Ensure direct investments are invested responsibly and not used to support businesses that raise ethical concerns.

In establishing this policy, it is understood there is a direct correlation between the level of risk inherent in an investment and the likely rate of return (reward).

4. PIA's Risk Profile

The Risk Profile of the Board was assessed collectively as "Balanced" at the February 2017 Board meeting. In September 2021, a review of the Board investment appetite was performed through a survey of Board directors, and the results were that a majority of Board directors wanted to retain the current "Balanced" Risk Profile. This was report to and approved by the Board at their October 2021 meeting. Balanced Investors generally prefer a balance between capital growth and capital security which indicates the acceptance of some short-term risk in order to gain longer term capital growth.

The asset allocation aims to balance risks and rewards by apportioning the Portfolio in accordance with Risk Tolerance. Based on investment allocation models generally used in the funds management sector, the split between Growth Assets and Cash Assets for Balanced Investors is 57% Growth Assets and 43% Cash Assets. This investment split is also outlined in **Appendix A**.

PIA's Investment Portfolio consists of:

- PIA's cash for working capital purposes;
- PIA's cash available for investment;
- PIA's property assets; and
- PIA's other growth assets.

PIA's cash for working capital purposes is not included in the investment allocation model as it is required for operational use. The other three categories in the Investment Portfolio (PIA's cash available for investment, PIA's property assets and PIA's other growth assets) will be included in the investment allocation model.

For further information on the various portfolio investment types, allowed asset classes, investment allocation considerations, performance benchmarks, responsible personnel, responsibilities and time horizons for each investment, please refer to **Appendix A**.

5. Description of Responsibilities

The responsibilities of each party involved in managing the Portfolio are defined below:

A. The PIA Board has ultimate responsibility for the management of PIA's assets including their investment. The Board's specific responsibilities are to:

- Consider and if appropriate, approve PIA's Investment Policy and Investment Strategy; and
- Consider quarterly reports documenting the status of investments and take whatever action it deems necessary.

B. The FARM Committee's specific responsibilities as set out in the Committee's Terms of Reference are to:

- Seek approval from the Board in relation to PIA's Investment Policy and Investment Strategy;
- Formulate and review the Investment Policy and Investment Strategy in conjunction with PIA's staff;
- Manage investments in accordance with the approved Investment Strategy and this Policy; and
- Formally monitor the performance of the investment against the Investment Strategy, benchmarks, asset class allocations and fees and where considered necessary recommend actions to the Board.

C. The CEO's specific responsibilities are to:

- Ensure promulgation and compliance to this Policy and the Investment Strategy;
- Assist the FARM Committee in implementing this Policy and the Investment Strategy;
- For fixed interest assets, establish investment facilities with Australian financial institutions that benefit from the Commonwealth Government's deposit guarantee, focussing on the selection of financial institutions, diversity of maturity periods of investments and interest rate yields;
- Transfer funds between PIA and selected external Funds to implement the Investment Strategy; and
- Delegate to other staff, subject to those delegations being documented in the Delegations of Authority Register.

6. Fiduciary Duty

In seeking to attain the investment objectives set out in **Item 3 – Investment Objectives and Constraints**, the Prudent Investor Rule shall apply, which in this situation, will put any person fulfilling any role in relation to this Policy and the Investment Strategy under a duty to the Planning Institute of Australia to invest and manage the Portfolio as a prudent investor would, which is described below:

A. The exercise of reasonable care, skill, and caution that is applied to investments not in isolation but in the context of the Portfolio and as part of the overall Investment Strategy.

B. In making and implementing investment decisions, the responsible person or persons have a duty to diversify the Portfolio unless, under the circumstances, it is prudent not to do so.

C. In addition, the responsible person or persons must:

1. Conform to fundamental fiduciary duties of loyalty and impartiality;
2. Act with prudence in deciding whether and how to delegate authority; and
3. Incur only costs that are reasonable in amount and appropriate to the management of the Portfolio.

7. Conflicts of Interest

Any person or organisation involved in the oversight or management of the Portfolio should notify the Board of a conflict of interest, from the outset or when they become aware of the conflict.

8. Review of this Investment Policy

Any of the following shall trigger a review of the Investment Policy:

A. A change to PIA's Investment Objectives and Risk Profile.
B. In the absence of any change to the PIA's Investment Objectives and Risk Profile, the Investment Policy and the Investment Strategy should be reviewed by the Board at least every two years.

PIA Planning Institute Australia

Version Control

Authorising Entity: Board

Version	Author	Revision Notes	Date Approved
3.	FARM Committee	Policy updated in line with Board's request.	2 March 2018
4.	FARM Committee	Policy updated.	8 August 2018
5.	FARM Committee	The word "direct" added to 3 B iii.	8 August 2019
6.	FARM Committee	Sentence "This is to be performed in a manner which does not conflict with PIA's policy positions." added.	16 October 2020
6.		Appendix B updated. No changes to policy.	30 November 2020
7.	FARM Committee	Updated 4. PIA's Risk Profile.	17 March 2022
8.	FARM Committee	Included time horizon definitions for Investment.	2 August 2024
9.	FARM Committee	Added note under Appendix A and adjusted the time horizon in Appendix A>4. Investable funds>Other Growth Assets.	21 March 2025

Appendices

A. Portfolio Analysis by Type of Investment
Note that the Head of Finance and People will update the portfolio analysis from time to time to include the latest 3 years of trend data.

B. Investment Strategy

1. Investment Strategy

Based on all of PIA's circumstances, the Board concludes that the most appropriate way to meet PIA's Investment Policy objectives is to invest PIA's *Investable Funds represented by Other Growth Assets* (please refer to Appendix A of PIA's Investment Policy for the definition of this term) in the manner set out in this Investment Strategy.

2. Asset Allocation

The Allowed Asset Classes for PIA's *Investable Funds represented by Other Growth Assets*, as defined in Appendix A of PIA's Investment Policy are government and corporate bonds, fixed interest products, domestic and international equities and alternative investments.

There are two main ways in which the *Investable Funds represented by Other Growth Assets* can be invested or managed. They are as follows:

- Actively Managed Funds. These funds make use of a human element, such as a single manager, co-managers or a team of managers, to actively manage a fund's portfolio. Actively Managed Fund managers rely on analytical research, forecasts, their own judgement and experience in making investment decisions on what products to buy, hold and sell.
- Passively Managed Index Funds. These funds are funds whose investment securities are not chosen by a portfolio manager, but instead are automatically selected to match an index or part of the market. This is the opposite of an Actively Managed Fund.

The FARM Working Group and PIA's management conducted an Investment Management Services Request for Tender process in May/June 2018 and noted that the costs for Actively Managed Funds were considered expensive given the size of PIA's Investment (up to a maximum of $500,000). It was also noted that the costs for Passively Managed Index Funds were relatively inexpensive compared to Actively Managed Funds. Given the fact that the Indexed Funds track to a set of selected indices, the potential for net positive returns was believed to be higher after deduction of costs.

This analysis was presented to the FARM Committee in July 2018 for the Committee's consideration. The FARM Committee agreed to accept the use of Indexed Funds or a collection of Indexed Funds for PIA's investment as it is a cost-effective investment vehicle that produces benchmark returns.

3. Desired Fund Attributes

On the basis of the above, PIA's management researched Indexed Funds with desired fund attributes as below:

- Indexed Funds run by large and well-established organisations;
- Indexed Funds with large amount of funds under management;
- Indexed Funds with a history of performing to benchmark;
- Indexed Funds which are cost effective;
- Indexed Funds which have ESG considerations; and
- Indexed Fund with transparent, timely and accountable reporting.

4. Fund Selection

The selected fund is required to meet all the desired fund attributes as listed above. To that end, the BlackRock Diversified ESG Growth Fund was selected as an appropriate fund to invest in. Please refer to the following PDS and fund update for relevant information about the fund.

It is to be noted that other indexed funds with an ethical and sustainable focus could also be considered as appropriate funds upon further investigation by the FARM Committee.