Division:	Finance and Support Services	Ref. No.	POL-6102
Department:	Finance		
Title:	Distribution of Investment Income		

1. PURPOSE AND SCOPE

The purpose of this policy is to clarify the distribution of income generated from the investment portfolio for the Royal Australasian College of Surgeons (RACS).

2. KEYWORDS

Investment Portfolio, Investment Income

3. BODY OF POLICY

RACS administers an investment portfolio consisting of funds held in connection with the Foundation of Surgery, as well as funds held at the direction of specialist groups, organisations, and RACS interest groups for their benefit.

RACS is ever mindful of ensuring that specialist groups, organisations and RACS interest groups are aware of the terms and conditions upon which monies are held at their direction, particularly given the increased regulation of the financial services industry.

The policy allows for:

- The allocation of investment income generated from RACS Investment portfolio will be based on the actual investment return of the portfolio as advised by JBWere (JBW).
- Investment income will be credited based on the following two investment type options:
- “Long-term” investment option defined as funds held as part of a longer-term investment strategy and generally deemed an investment horizon of 12 months or more will be credited with the Investment Account (including franking credits) year to date return as confirmed by JBW.
- “At-call” investment option defined as funds intended to be available on notice and accordingly may be held in a bank account or equivalent will be credited with the bank cash rate as confirmed by JBW.
- Contributors accept all risks associated with investments, acknowledging that values may fluctuate over time and that RACS does not guarantee positive returns for long term nominated funds.
- The timing of any allocation of investment income or (loss) although generally on a monthly basis is at the discretion of RACS.
- 1.5% percent will be levied from the investment corpuses under Foundation for Surgery management that have not included a specific clause in the relevant Will, deed or other legal documents, that capital or investment income cannot be used for anything other than directly for the associated activity. This percentage will be used to cover the administrative and operational costs of the Foundation for Surgery and the Scholarships and Grants teams. Costs include deployment of activities, including staff salaries, administration such as, but not limited to, legal fees printing, postage, marketing and advertising, software licences, travel, venue hire and catering. This percentage will be levied no matter the investment performance of the corpora.
- The annual budget for the values of the scholarships and grants to be offered will be based on receiving an annual average investment income of 5-7%. The values should be budgeted on 5% and allow for an average of 2% to accrue for years where less than this average is achieved.

- Reports will be distributed to all contributors on a quarterly basis disclosing the balance of invested funds and movement in value from 1 January. A supporting cover letter will disclose the year-to-date investment return based on the nominated investment type being “long-term” or “at call”.

- From time-to-time RACS may set aside, deduct or reserve from the contributions held an amount for administration and operations costs and expenses as well as an amount RACS considers appropriate to cover or meet expected losses and/or costs and expenses.

4. ASSOCIATED DOCUMENTS

Investments – Distribution of Investment Income Procedure

Approver Council
Authoriser Council