

OMF International (UK)

INVESTMENT COMMITTEE

Terms of Reference

June 2021

1. Constitution

The Investment Committee is sub-committee of the Board of Trustees of OMF International (UK).

2. Purpose and Objectives

2.1 The Committee shall provide non-executive oversight and assurance for OMF International (UK) (*OMF UK*) in respect of the investment activities of OMF UK and its investment strategy.

2.2 The Committee shall implement and to deliver the organisation's agreed investment objectives as follows:

- To at least maintain the real value of the investment portfolio over the long term
- To generate a consistent and sustainable return to fund annual expenditure
- To deliver the investment objectives within an acceptable level of risk

3. Scope

3.1 The Committee's mandate covers those assets designated as available for investment purposes by OMF UK's Audit & Finance Committee.

3.2 The Investment Committee's investment powers are contained within the general provisions of the Memorandum & Articles of Association of OMF UK, as amended by a special resolution passed on 28 February 2014.

The Committee (as delegated by the Trustees) may 'deposit or invest funds in any manner but to invest only after obtaining advice from a financial expert and having regard to the suitability of investments and the need for diversification' (clause 3.29).

In addition, clause 3.30 (of the Mem & Arts) enables the Committee 'to delegate the management of investments to a financial expert but only on terms that:

- The investment policy is set down in writing for the financial expert by the Trustees;
- Every transaction is reported promptly to senior management;
- The Trustees are entitled to cancel the delegation arrangement at any time;
- The investment policy and the delegation arrangement are reviewed at least once a year;
- All payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Trustees on receipt;
- The financial expert must not do anything outside the powers of the Trustees'

3.3 The delegated financial expert is to manage OMF UK's investment portfolio on a discretionary basis in accordance with this policy directive and guidance issued by the Charity Commission.

3.4 In all of its decisions, the Committee will keep in mind the ethos and spirit of OMF and the guidance contained within the OMF International Handbook and the OMF Covenantal Agreement March 2015.

4. Authority

4.1 The Committee shall have authority to approve transactional business on behalf of the Board of Trustees.

4.2 The Committee shall have the power to employ, at OMF UK's expense, the services of such external professional advisers, as it deems necessary, to fulfil its responsibilities

4.3 The Committee is authorised to seek any information it requires from any member or employee of OMF UK in order to perform its duties.

5. Duties

5.1 Review and agree the long-term investment objectives set out in the written investment policy.

5.2 Annually review the Investment Policy, making amendments if necessary, to ensure it remains consistent with the long-term investment objectives.

5.3 Select the investment manager(s) and institutions to hold assets.

5.4 Set and review with the investment manager(s) appropriate investment objectives, ensuring consistency with the written investment policy.

5.5 Annually review investment manager performance and fees charged

5.6 Commission an independent professional review of investment manager performance periodically.

5.7 Annually review the Committee's Terms of Reference, referring any proposed changes to the Board of Trustees for approval.

5.8 Review the quarterly investment performance reports provided by both the investment manager(s) and the OMF UK Finance Team.

6. Membership

6.1 The Committee shall comprise of at least two Trustees, the Director of Finance & Corporate Services (DFCS) plus up to 4 other persons with significant financial, investment management, legal or property sector experience.

6.2 The Chair of the Committee shall be the Treasurer to the Trustees.

6.3 The Committee may invite other Trustees, OMF UK team members or specialist advisers whenever appropriate.

6.4 Tenure of a non-Trustee Committee member is initially a four-year term of office. Upon completion of that term, the Committee member may be invited to serve another four year term by the Chair of the Committee. Once two four-year terms have been served the Committee member must stand down for at least one year.

6.5 The DFCS (or their nominee) shall act as the Secretary of the Committee.

6.6 Committee meeting minutes will be recorded by a senior member of the OMF UK Finance Team, usually the Finance Manager.

7. Meeting arrangements and frequency

7.1 The Committee will meet once a year, usually in March or April, with additional meetings when deemed necessary.

7.2 The quorum for meetings shall be a minimum of 3 committee members, including at least 2 Trustees and 1 independent person.

7.3 Meetings may take place in person or by telephone or video conferencing whenever convenient and appropriate, provided the persons participating in such meetings are at all times in simultaneous two-way audio contact with all other participants in that meeting.

7.4 Matters may also be decided by agreement given by email, providing there are a quorate number of emails, including 2 Trustees.

7.5 Notice of each meeting confirming the venue, time and date, together with the agenda and any relevant meeting papers, shall be forwarded to each member of the Committee plus standing invitees, at least a week prior to the date of the meeting.

8. Reporting

8.1 The Committee shall report to the Board of Trustees through its minutes and through either a verbal or written report from the Chair of the Investment Committee.

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