

IN exercise of the power conferred by Section 20 (1) of the Constitution of UPM, the Board of the University made the following Policy:

## **UNIVERSITI PUTRA MALAYSIA POLICY (FINANCIAL INVESTMENT) 2022**

### **Introduction**

The Bursar's Office is responsible for all financial investment activities to generate competitive and stable returns. The main role of UPM's financial investment policy is to enhance the diversity and strengthen continuous investment activities to increase profits for the benefit of UPM.

### **Responsibility of the Office of Bursar in Financial Investment**

- (i) To plan, implement, manage and monitor UPM's financial investment activities and the management of its external funds.
- (ii) To analyse and make a financial assessment of UPM's investment proposals.

### **UPM's Investment Philosophy**

- (i) To encourage sustainable returns from the short-term investments (Cash Management) to accommodate the operational needs of the University.
- (ii) To promote optimal return-risk from long-term investments (Fixed Income And Equity).
- (iii) To invest in the financial investments that are appropriate to UPM such as ethical conventional investments (excluding the tobacco, alcohol, gambling, firearms and similar industries), shariah compliant and Environmental, Social and Governance (ESG) practices.



- (iv) UPM will invest directly in the approved classes of asset. The appropriate weighted percentage will be determined by JKIP to ensure that UPM gets the optimum return in line with the level of risk of the distribution.

### **Investment Objective**

- (i) The objective for the long-term investment is to achieve an average annual investment return exceeding 1% of the set benchmark over any 5 years period. The investment portfolio must achieve a risk adjusted return ratio (Return/Risk Ratio) larger than one ratio based on 60:40 asset allocation (Fixed Income: Equity).
- (ii) Short-term investments shall be made in instruments that have highly liquid and are easy to cashout.

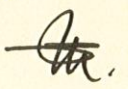
### **Source of Authorities and Rules on Performing Financial Investment Activities**

This policy is established to coordinate UPM's investment activities with the provisions of the UPM Constitution, the Universities and University Colleges Act 1971 (AUKU 1971) and the Companies Act 2016 (Act 777) and other regulations /Circulars in force.

### **Financial Investment Governance Management Structure**

#### **1. UPM Board of Directors**

The University Board of Directors (LPU) is responsible to determine and assign appropriate investment mandate to the University Investment Steering Committee (JKIP) to carry out investment activities.



## 2. Investment Steering Committee

The Investment Steering Committee (JKIP) is established by the LPU under section 21(1) of the Constitution of Universiti Putra Malaysia [P.U.(A) 448/2010) and directly responsible to the LPU, in matters involving investments that require the approval of the Minister of Finance after obtaining the approval of the Minister of Higher Education in accordance with the laws, rules as well as relevant circular and supervise such investments according to the limits that have been set.

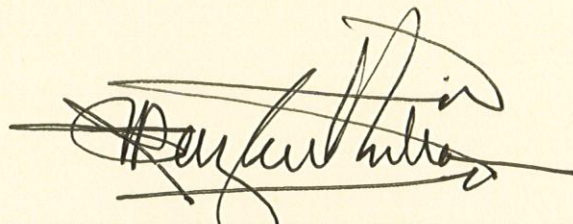
### Appointment of Fund Manager

- (i) JKIP may appoint a fund manager authorized by law to manage the fund.
- (ii) Performance of investment by fund managers shall be monitored and reported periodically in JKIP.

### Confidentiality

All parties involved in management of such investment including the Committee members, Staff and Fund Managers shall ensure that all information is kept confidential at all times and shall not use such information for personal or third parties interest.

Made on 10th August 2022  
Minutes of BOD Meeting 165/04  
[UPM/PPUU/600-1/1/PELABURAN]



**YAM TENGKU SYARIF LAKSAMANA PERLIS DATO' SERI DIRAJA  
SYED RAZLAN SYED PUTRA JAMALULLAIL**

*Chairman of the Board  
Universiti Putra Malaysia*