


PARTNERSHIP POLICY		DOCUMENT NUMBER: BD/06/85	
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TITLE:	Partnership Investments
BACKGROUND AND PURPOSE:	<p>At any point in time, the Partnership typically holds significant liquid assets which, <i>inter alia</i>, can represent funds in transit from Support Offices to field programmes, restricted or endowment funds, operating reserves or working capital for daily operations.</p> <p>Liquid funds may be held by Support Offices, by Field Offices (mainly restricted funds – unrestricted cash held by Field Offices is tightly monitored) or by Global Treasury.</p> <p>WVI desires to establish standards applicable to all WV entities to ensure the preservation of capital and adequate liquidity to meet funding requirements, and further desires to invest in instruments which offer adequate returns given their risk while adhering to the standards established herein and not compromising WV's stewardship obligations to its donors.</p>
POLICY:	<p>The following policy applies to all WV entities that hold liquid funds beyond amounts needed for daily operations (such surplus liquid funds being referred to in this policy as investments):</p> <ol style="list-style-type: none"> 1) The WVI President or his/her designee (normally expected to be WVI's Chief Financial Officer) shall establish and periodically update, using appropriate Partnership consultative processes, a detailed Partnership Management Policy on Investments and approval levels in accordance with the general principles set out in this document. 2) All WV entities that hold investments must have an investment policy approved by their local Board (or by Global Treasury in the case of WVI branches) which is consistent with the requirements of this document. 3) WVI will provide all WV entities the option to utilise its Global Treasury with its centralised expertise and capabilities to provide for their investment needs. Regardless, all WV entities' investment activities shall be in alignment with the Partnership Management Policy on Investments. 4) WV entities will ensure, primarily, the preservation of capital, and, as required, adequate liquidity, in order for them to meet the funding requirements of ongoing ministry commitments. To the extent both aforementioned goals are achieved, investment instruments should also maximise earnings without assuming undue credit risk. Subject to the requirements of this document, to the extent investments are made for donor gift agreements (Donor advised funds, split interest agreements, life estates, pooled income funds, endowments, etc.) WV entities will additionally invest in such a manner as to

	<p>comply with the donor agreements and establish investment policies to achieve the objectives described in the donor agreements.</p> <p>5) Consistent with #3 and #4 above, WV entities will seek diversified investment portfolios to limit all potential risks, including credit risks, reinvestment rate risks, timing risks and instrument risks, and will establish guidelines on what type of counterparties and credit designations are acceptable for their investment needs. WV entities should set appropriate risk limits. The following general principles provide some guidance to WV entities on the factors they should take into account when selecting investments:</p> <ul style="list-style-type: none"> • General economic conditions; • The possible effect of inflation or deflation; • The expected tax consequences of investment decisions or strategies; • The role that each investment or course of action plays within the overall investment portfolio; • The expected total return from income and the appreciation of capital; • The need for liquidity, regularity of income and preservation or appreciation of capital. • Credit and other risks. <p>No direct investments shall be made in corporations that are engaged, either directly or indirectly to a material extent, in the production and distribution of products or services that would be in conflict with the primary purpose of the organization. The Partnership Management Policy on Investments will provide detailed guidance on the interpretation of this stipulation but in general, such unacceptable investments would include, but are not limited to, investments in corporations which produce or distribute products or services such as tobacco products, weapons and support of conflicts, mind altering substances without prescriptions, gambling, corruption, infringement of internationally recognized human rights, immoral exploitation of the human body, exploitation of the underprivileged or disabled, and degradation of the environment. This does not however preclude investment in general market indices. Wherever possible, professional fund managers that are engaged will be encouraged to avoid these types of investments.</p> <p>6) WV entities will have regular reporting mechanisms in place to be accountable for all outstanding positions of invested funds. Reports to local Boards will be made regularly and should cover compliance with investment policies (including risk limits) and investment performance relative to any benchmarks established by Boards or management.</p> <p>7) WV entities will designate an individual or committee that is accountable for managing investments in accordance with the policy, either directly or through the use of external investment management firms.</p>
SCOPE:	All WV entities (including VFI and MFIs)