

MAKERERE



UNIVERSITY

INVESTMENT POLICY

2021

**Reviewed and Approved by the University Council at its
152nd Meeting Held on June 11, 2021**

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1. Policy Statement

Makerere University is committed to diversifying her revenue base through various strategies, including investments, for the purpose of improving service delivery.

2. Title

This Policy is designed to guide the investments by the University and shall be known as Makerere University Investment Policy.

3. Rationale

Makerere University has a considerable number of properties and an Endowment Fund which necessitates a policy instrument to guide the respective investments.

4. Policy Objectives

- a. To provide guidance on allowable and non-allowable investment choices;
- b. To provide guidance on the possible modes of investment;
- c. To provide the scope of investments;
- d. To determine the officers responsible for implementation of the Policy;
- e. To provide the legal framework for investments.

5. Scope of the Policy

This Policy covers all investments undertaken by the University Council within and outside Uganda. It covers investments made on land and financial instruments, as well as endowments.

6. Sources of Investment Funds

The funds to be used for investment among others shall include:

- a. Donations and/or endowment gifts;

- b. Funds set aside from University resources;
- c. Pooled resources from Colleges;
- d. Makerere University Alumni Fund (Annual small contributions);
- e. Private Investors;
- f. Makerere University and her affiliated institutions annual students' contributions;
- g. Pension funds; and
- h. Any other source as may be determined by the University Council.

7. General Investment Principles

Investments shall be guided by the following key principles:

- a. Safety and Preservation of the Principal. Safety of the principal is the foremost objective of the Investment Policy. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio;
- b. Sufficient Liquidity. The Investment Portfolio shall remain sufficiently liquid to meet all operating requirements;
- c. Maximization of yield on the portfolio. The investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account the investment risk constraints and liquidity needs;
- d. Public trust from prudent investment activities. All participants in the University investment process shall seek to act responsibly as custodians of public trust. Investment officials shall avoid any transaction which might impair public confidence;
- e. Investments shall be made with the aim of enhancing University revenue;
- f. Investment can be both national and international;
- g. Investment funds shall be diversified so as to minimize the risk;
- h. Investment returns will be measured on the basis of total returns; that is the aggregate return from capital appreciation, dividend and interest income;
- i. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions;
- j. For each investment, there should be a cost-benefit analysis prior to investment.

8. Authorized Investments

The following shall constitute eligible investments and the possible funding sources under this policy. These will be updated from time to time as the need arises.

- a) Liquidity related investment which may include the following:
 - i. Treasury Bills
 - ii. Shares
 - iii. Bonds
 - iv. Fixed deposit account
 - v. Any other short-term investment that may arise.
- b) Capital Investments which include the following:
 - i. Academic/ Administrative Buildings
 - ii. Residential/Students Halls on Build Operate and Transfer (BOT) basis;
- c) Service Providing Facilities, including Science and Technology business incubation parks:
- d) Privatization of the management of halls of residence;
- e) Sports facilities/ complexes;
- f) Theatre/conference facilities;
- g) Student centre/ Cafeteria (outsourced catering services);
- h) Banking facilities;
- i) Shopping centres;
- j) Hotels and apartments;
- k) Day care centre;
- l) Parking services;
- m) Commercial farms;
- n) Renting premises
- o) Cost-cutting investments through:
 - i. Stationery (Recycling)
 - ii. Water harvesting
 - iii. Solar energy
 - iv. Biogas, through human waste

9. Prohibited/Forbidden Areas

University resources shall not be invested in morally unacceptable and volatile risky businesses. These include but are not be limited to:

- a. Trading in merchandise;
- b. Transport;
- c. Gambling activities;
- d. Brothels;
- e. Businesses publicly known to support terrorist organisations;
- f. Businesses known to promote any type of discrimination;
- g. Securities in companies not listed on the security exchange for short term investment; and
- h. Socially undesirable commodities/services.

10. Use of Proceeds

The proceeds from the University's investments shall be used for:

- a. Introducing modern facilities;
- b. Funding research activities;
- c. Improving general service provision;
- d. Re-investment; and
- e. Other areas as determined by the University Council.

11. Management of Investments

All university investments will be managed through:

- a. Endowment funds managed by a Board of Trustees;
- b. Commercial investments managed by a holding company of Makerere University; and
- c. Any other vehicles as may be approved by the University Council.

12. Responsibility and Reporting

a) The University Council

The University Council is responsible for general oversight of university investments and review of the Policy.

b) Board of Trustees

An appointed Board of Trustees is responsible for the development and overall implementation of investment plans. The Board of Trustees reports to the

University Council through the Council Committee responsible for Investments. The Vice Chancellor will facilitate linkages between the Board of Trustees and Organs of the University Council.

c) The Investment Office (Planning and Development Unit)

The Investment Office support the Board of Trustees to implement investment plans.

13. Review of the Policy

This Policy may be reviewed by the University Council every five years or as and when the University Council deems appropriate.

14. Approval

This Policy was approved by the University Council on June 11, 2021

Signed: LN Dagara
Chairperson of University Council

Signed: [Signature]
Secretary to University Council