



**Muteesa I**  
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## INVESTMENT POLICY

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Signature by Chairman Council

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## 1.0 Interpretation of Operational Terms of the Policy

- (i) Investment: the action or process of investing money for profit. In economics, it means the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, it is a monetary asset purchased with the idea that the asset will provide income in the future or will later be sold at a higher price for a profit.
- (ii) Liquidity: refers to how assets can be converted into cash or the availability of liquid assets to a market or company or organization.
- (iii) Short Term: the length of time during which the MRU's stock, bond or any other liability, is held before it becomes a long term investment. Normally, this will be a period of one year and below within the annual budgetary cycle.
- (iv) Medium Term: depending on the type of security under consideration, a medium-term position will range from two to ten years. During this period, MRU will consider investments which include; mid-term economic infrastructure and other development reforms with emphasis on transfer of technology and training to realize increased returns.
- (v) Long-Term: this is the period of time during which MRU will reallocate resources and generally re-establish equilibrium. This period focuses on corporate and other investment-grade securities with an average effective duration of more than ten (10) years.

## 1.1 Background of MRU

Muteesa I Royal University (MRU) was offered an operational license by the National Council for Higher Education (NCHE) in 2005 and started its operations in 2007. The founding Chancellor of the University, who is also its Visitor, is His Majesty the Kabaka, Ronald Muwenda Mutebi II. The genesis of modern education in Uganda is historically associated with the Kingdom of Buganda owing to the role that Sekabaka Muteesa I played in inviting the missionaries who introduced education in Uganda. Owing to this history, it is only befitting that the University was named after this visionary leader. Hence, the University was named after the 31<sup>st</sup> King of Buganda who was a monarch of great vision, Kabaka Muteesa I (1856-1884). MRU is a skills training, academic and research-oriented institution of higher learning that was established as a private institution. The initiative was promoted by the Executive Committee (EC) of the Buganda Kingdom, headed by the *Katikiro* (i.e., Prime Minister).

## 1.2 Strategic Goals of MRU

The Strategic Goals of MRU are as follows:

- i. To produce graduates with all-round competencies and skills to be able to initiate self-employment activities or compete for jobs in the global market;
- ii. To promote research and encourage students and staff to publish;
- iii. To build and expand collaboration and engagement with the community, the alumni, and industry and business, and to equip students with practical skills while empowering the community, industry & business to develop local solutions;
- iv. To strengthen MRU's human resource capacity;
- v. To achieve a sustainable financial resource base;
- vi. To improve the administrative and organizational arrangements of MRU with a view to achieving efficiency and effectiveness in all sections of MRU; and

- vii. To construct or acquire, rehabilitate and maintain buildings, equipment, implements, ICT facilities and land particularly for the growth and development of its niche.

### 1.3 Vision of MRU

The Vision of MRU is to be “a leading university responding to contemporary challenges through teaching and learning, research and technical guidance”.

### 1.4 Mission of MRU

The Mission of MRU is “to provide training, research and technical guidance responsive to national socio-economic needs”.

### 1.5 Core Values of MRU

The core values of MRU are as follows:

- i. Professionalism; Professionalism is a trait that's highly valued in the human resource of any organization. It has many attributes, including: (a) Specialized knowledge, (b) Competency, (c) Honesty and integrity, (d) Respect, (e) Accountability, (f) Self-regulation, and (g) Image.
- ii. Respect for Diversity;
- iii. Cultural Sensitivity;
- iv. Tenacity; and
- v. Team Spirit.

## 2.0 Introduction of the Policy

This Investment Policy is formulated in accordance with the Universities and Other Tertiary Institutions Act 2001. The Policy is intended to enhance MRU's revenue so as to; setup and equip modern facilities as well as modernize existing ones; fund research activities; and improve the general service provision. It is also designed to maximize rate of return subject to constraints such as risk, liquidity and diversification of investments. Funding for these investments shall include but not be limited to grants, loans, donations acceptable to MRU Council. Use shall also be made of accumulated funds within the MRU system. The major goal of this Investment Policy is to enable MRU to attain financial sustainability.

## 3.0 Objectives of the Policy

The Policy provides guidelines within which MRU's investment portfolio is to be effectively and ethically maintained, managed and enhanced for its benefit. It specifically seeks to:

- i. Establish clear understanding of MRU's Investment goals and objectives;
- ii. Define and assign responsibilities for investing activities;
- iii. Offer guidance and define the scope of parties involved in investment undertaking;
- iv. Ensure prudent management of MRU's assets according to agreed standards;
- v. Consistent with the laws of the Government of Uganda; and
- vi. Establish benchmarks for evaluating results.

#### 4.0 Application of the Policy

The Policy shall be applicable to all persons charged with enhancing MRU's revenue, and financial sustainability for purposes of research and the establishment of facilities commensurate with the growing student numbers (for instance, lecture theatres, libraries, internet cafes and text books), and introducing new services as well as improving and modernizing existing ones (e.g., introduction of cafeteria system in the dining halls).

#### 5.0 Sources of Funding

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

- Donations/endowments;
- Funds set aside from tuition fees;
- Pooled resources from Faculties, Departments and Units;
- Private Investors;
- Pension Funds; and
- Any other unutilized MRU cash balances.

#### 6.0 Investment Guidelines

This section outlines the general investment principles, authorized investments, prohibited/unauthorized investments and the use of proceeds.

##### 6.1 General Investment Principles

Investments shall be guided by the following key principles:

- 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;
- Sufficient Liquidity: the Investment Portfolio shall remain sufficiently liquid to meet all operating requirements;
- 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;
- Public trust from prudent investment activities. All participants MRU's investment process shall seek to act responsibly as custodians of public trust. Investment officials shall avoid any transaction which might impair public confidence;
- Investments shall be made with the aim of enhancing MRU's revenue;
- Investment can be both national and international;
- Investment funds shall be diversified so as to minimize the risk;
- Investment returns will be measured on the basis of total return; i.e., the aggregate return from capital appreciation, dividend and interest income;
- 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; and

- For each investment, there should be a cost-benefit analysis prior to investment.

## 6.2 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 include the following:

- Treasury Bills;
- Shares;
- Bonds;
- Fixed deposit account; and
- Any other short term investment that may arise

Source of Funds: Excess balance, pension funds and any other that may be identified by the University.

(b) Capital Investments which include the following:

- Academic/Buildings

Source of Funds:

- Donations, fees and borrowing; and
- Residential/Students Halls

Source of Funds: Build Operate and Transfer (BOT), Borrowing, Donations and Fees.

(c) Service Providing Facilities:

- Privatization of the management of halls of residence;
- Sports facilities/complexes;
- Theatre/conference facilities;
- Student center/Cafeteria (outsourced catering services);
- Banking facilities;
- Shopping centers;
- Day care centre; and
- Parking services

Source of Funds: BOT, Borrowing, Donations and Prepaid Rent.

(d) Developing Commercial Units at different Campuses:

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- The engineering workshop;
- Separate the teaching and the commercial part of the workshops; and
- Outsource the Management team outside the Faculty.

(e) Cost-Cutting Investments through:

- Stationery (*Recycling*);
- Water harvesting;
- Solar energy; and
- Biogas, through human waste.

Water harvesting, solar energy and biogas should be funded through the existing budget while the paper plant should be financed by means of a joint venture arrangement with private enterprises.

(f) Technical Expertise where MRU has a comparative advantage:

- Faculty/Discipline-based consultancies;
- Source of Funds: by Faculty budgets. to establish a Policy on percentage of tuition for investment in technical expertise.

(g) Redesign off Campus Estates:

- Develop a hotel/shopping complex on MRU's lands in Masaka Town;
- Source of Funds: Private Sector Investment, endowment fund and BOT.

6.3 Prohibited/Forbidden Areas:

MRU's resources shall not be invested in volatile risky business as identified by the Investment Department. These include but are not limited to:

- Trading in merchandise;
- Transport;
- Gambling activities;
- Securities in companies not listed on the security exchange for short-term investment; and
- Socially undesirable commodities/services.

6.4 Use of Proceeds:

The proceeds from MRU's investments shall be used for:

- Introducing modern facilities;
- Funding research activities;

- Improving general service provision;
- Re-investment; and
- Other areas as determined by the Investment Advisory Committee (IAC).

The proportions of the proceeds to be spent on each of the above areas shall be determined by the Investment Department in consultation with the IAC.

## 6.5 Structure and Responsibility

- This section of the Policy defines the overall structure of the investment management program.

### 6.5.1 The IAC

There shall be an IAC appointed by the Vice Chancellor composed of the following:

- Deputy Vice Chancellor (F&A);
- University Bursar;
- Dean, Faculty of Science, Information Technology, Art & Design ;
- Dean, Faculty of Business and Management;
- Dean, Faculty of Education;
- Dean, Faculty of Social Cultural and Development Studies.

The IAC shall be responsible for overseeing and ensuring that MRU's Policy established by the MRU Council is implemented and adhered to. The Committee shall operate in an evaluative and advisory role providing advice to MRU Council with respect to all aspects of the investment program, including but not limited to, investment strategies, policies and procedures; investment performance and external investment advisors.

The IAC's responsibilities shall include but are not limited to:

- Recommend the appointment of the Director and Investment Managers to the MRU's Appointments and Governance Committee;
- Review policies relating to the administration of MRU's investment portfolio, and when appropriate, make recommendations to MRU Council;
- Select and terminate financial advisors/dealers for specific funds;
- Establish appropriate performance benchmarks for the Director and Investment Managers;
- Oversee the Director and review the performance of the Director and Investment Managers on a quarterly basis;
- Screen potential consulting firms and recommend to MRU Council;
- Establish and approve specific guidelines for each of the types of funds;
- Determine the diversity levels of each investment;
- Receive quarterly reports on the investment status of the portfolio(s) and transmit relevant information to MRU Council;



- Monitor performance of the investment portfolio on a regular basis (at least quarterly);
- Maintain sufficient knowledge about the portfolio so as to be reasonably assured of compliance with the Investment Policy;
- Consider other investment-related matters; and
- Matters from the IAC will be communicated to MRU Council through the Finance and Planning Committee of Council.

#### 6.5.2 Investment Department (ID)

The University investments shall be managed by an ID headed by a Director answerable to the Deputy Vice Chancellor (F & A). The ID shall diligently implement this Investment Policy. The ID shall be managed by the Director assisted by two (2) Investment Managers. In addition, the unit will be beefed up with external financial advisors/firms. The ID shall provide a quarterly investment Report to the IAC. The Report shall contain:

- Asset values;
- Investment returns versus performance benchmarks;
- Forward cash flow statements;
- The investment manager's compliance with the Investment Policy & Guidelines Statement;
- The portfolio's investment performance and risk level;
- The ID's current and proposed investment strategy;
- The ID's views concerning the economy and the securities markets with focus on the likely impact on the unit's strategies and the portfolio's performance; and
- Recommendations on the way forward regarding investments.

#### 6.5.3 Director of the ID

There shall be a Director of the ID responsible for the overall management of the Department. The Director is responsible for all aspects of managing and overseeing MRU's investment portfolio. On an ongoing basis, the Director shall:

- Implement the overall investment strategy;
- Annually develop and communicate to the IAC an appropriate strategy to meet the objectives of this Investment Policy;
- Advise the IAC regarding searches for financial advisors;
- Provide a monitoring and measurement program which will permit evaluation of the performance of the investment managers and financial advisors;
- Monitor the asset mix and allocate assets of each investment strategy within the Investment Policy guidelines;
- Identify appropriate investment opportunities;
- Invest the assets in a prudent manner and consistent with established guidelines;
- Identify appropriate investment/financial advisors;

- In consultation with MRU Bursar, identify any unutilized funds from MRU Units to be pooled;
- Provide the IAC with quarterly performance reports;
- Provide the IAC with an annual review of the Investment Policy Statement, including an assessment of the current asset allocation and investment objectives; and
- Provide such other information pertaining to the investment program as may be reasonably required for the attainment of the objectives of this Investment Policy.

#### 6.5.4 Investment Managers

There shall be two (2) Investment Managers namely, Short-term Investment Manager and Long-term Investment Manager. Their responsibilities shall include but are not limited to the following:

- Execute investment transactions within this Investment Policy;
- Be available to meet with the IAC at least once every quarter and be prepared to discuss any matters pertaining to the management of the Invested Assets;
- Report on a timely basis monthly investment performance results to the Director;
- Provide regular quarterly reports, as directed by the IAC, describing portfolio holdings, at both cost and market value, purchases, sales, income, and performance, both gross and net of fees, compared to the agreed upon benchmark;
- Communicate any major changes in economic outlook, investment strategy or any other factors that affect investment or investment objectives to the Director;
- Inform the Director of any qualitative changes in the portfolio management, personnel for cases of joint ventures, and investment portfolio; and
- Provide the Director with any other information that may affect MRU's investments as outlined in the general investment principles.

#### 6.5.5 External Financial Advisors/Firms

External Financial Advisors/Firms may be appointed by the IAC to assist the ID in the oversight of the management of the invested assets. The Financial Advisor/Firm shall be compensated as agreed upon between the Financial Advisor/Firm and the IAC. The Financial Advisor shall have the following responsibilities:

- Identify appropriate financial instruments in which MRU's resources can be productively invested;
- Provide a complete report on a quarterly basis which includes the market value of the Invested Assets, the performance of the investments, both on an absolute basis and relative to the benchmark;
- Be available to meet on a monthly basis with the Director of the ID;
- Be available to meet on a quarterly basis with the IAC to provide a review of the investment program;
- Perform other projects as may be requested by the Director of the ID and the IAC;
- Identify appropriate investment portfolios;

- In consultation with the MRU Bursar, identify any unutilized funds from MRU Units to be pooled;
- Provide the IAC with quarterly performance reports;
- Provide the IAC with an annual review of the Investment Policy Statement, including an assessment of the current asset allocation and investment objectives; and
- Provide such other information pertaining to the investment program as may be reasonably required for the attainment of the objectives of this Investment Policy.

**END**

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