



# Charter of Investment Committee

August 2022

# 1. Purpose

The Investment Committee (IC) is established to assist the Board in fulfilling its statutory, fiduciary, governance and regulatory responsibilities in the investment of Member account balances. The primary function of the IC is to consider investment matters and make investment decisions in accordance with the Investment Strategy of the Fund, as approved by the Board and documented in the Investment Policy Statement. The IC monitors and reviews the investments of the Fund and has oversight of the implementation of the investment program. The IC has delegated authority to make material investment decisions in accordance with the agreed Investment Strategy and the framework set by the Board.

The IC is responsible for the ongoing review of all external providers who manage the investments and investment operations of the Fund including the Custodian and investment managers. It is also responsible for oversight and review of the Fund's Investment Governance Framework and Investment Policies.

# 2. Membership

The Board determines the IC's composition, which will consist of:

- at least two Member Directors, and
- at least two Employer Directors.

The Board may appoint one or more non-Directors to the IC.

In attendance:

- Chief Executive Officer
- Chief Investment Officer (IC Secretary)
- Company Secretary
- Investment Advisers and service providers
- Other relevant Trustee Office staff.

A quorum is three Directors comprising of at least one Member and one Employer Director. If members of the IC are unable to attend a meeting they can nominate, as his or her alternate, a Member Director or Employer Director (as the case may be) to represent them. In their circumstances the IC member should advise the Chair of the IC or the Fund's Chief Executive Officer.

# 3. Investment Committee Chair

The Chair shall be appointed by the Board. If the Chair is unable to attend a meeting the members may appoint an Acting Chair for the meeting.

# 4. Terms of Reference

The principal functions and program of the IC will be:

## a. Investment Decisions

The IC is responsible for making investment decisions of behalf of the Fund within the Investment Strategy approved by the Board. These decisions include:

- Make determinations regarding investment manager appointments, terminations and other decisions with respect to the investment managers engaged by the Fund, such as variations in mandates and portfolio allocations.

- Make determinations regarding investments, assets or portfolios of the Fund including purchase, sale, allocation or other decisions as appropriate.
  - Determine the Target Asset Allocation of the options of the Fund within the Investment Strategy as approved by the Board.
- b. Review Asset Classes
- Review asset classes and make decisions on structure, allocations, portfolios and managers within each asset class whether as part of a formal asset class review or at other times. Decisions are to be made within the broad asset class strategy approved by the Board.
  - Consider and review the due diligence conducted by Management and the Asset Consultant on existing or potential investment managers or investments.
- c. Investment Oversight and Review
- Monitor and review the investment managers, portfolios and assets of the Fund, including performance and cost.
  - Oversight the implementation of decisions made by the Board and the IC.
  - Monitor and review the functions and decisions delegated to Management.
  - Monitor and review risk management and controls as appropriate such as the monitoring of guidelines, investment documentation and counterparty limits.
- d. Review Service Providers
- Assess the performance of the Fund's Asset Consultant annually and review the appointment every three to five years.
  - Assess the performance of the Master Custodian, and any Sub-custodians, annually and review their appointment every three to five years and recommend the review to the Board.
  - Ensure that all preferred service providers have remuneration policies and practices that comply with CareSuper's obligations under Stronger Super and Fit and Proper and comply with CareSuper's Corporate Responsibility and Sustainability Policy and Responsible Investing Policy.
- e. Review of Investment Policies
- Review policies for approval by the Board such as but not limited to the Investment Governance Framework, the Investment Policy Statement, Asset Valuation Policy, Responsible Investing Policy and Liquidity Management Policy and make recommendations to the Board as appropriate to ensure compliance with Prudential Standards.
  - Periodically review and approve other internal investment policies, not requiring approval by the Board.
  - Monitor compliance with the Investment Policies and advise the Compliance, Audit and Risk Management Committee of any breaches.
  - Review the IC's Terms of Reference and processes annually.
  - Review the delegations to Management periodically including the determination of materiality.
- f. General
- Consider ideas from Management and the Asset Consultant that impact investments or investment strategy and make determinations or make recommendations to the Board as appropriate.
  - Make recommendations to the Board regarding training in new asset classes and/or products that are considered to be of benefit to Directors, including investment manager presentations.

## 5. Meeting Arrangements

The IC will meet at least six times a year with additional meetings scheduled as determined necessary to complete the functions of the committee. Members may participate by teleconference by prior arrangement where personal attendance is not possible.

The Agenda and IC papers will be distributed to members no later than five working days before each IC meeting. Following the meeting, draft minutes of the meeting will be authorised by the Chair of the IC for distribution to all IC members. The minutes will be confirmed (or amended) at the next meeting and signed by the Chair of the IC, and made available to Board members.

## 6. Powers

In the exercise of its functions the IC will:

- a. have free and unfettered access to investment personnel and other parties; and
- b. have the power to independently engage third party experts at a cost not exceeding \$50,000 and receive their advice independently.

## 7. Matters reserved to the Board

The Board considers and makes decisions on all strategically important investment issues and in accordance with legislative requirements. The Board's investment decision set includes:

- the investment philosophy of the Fund,
- investment strategy and the strategic asset allocation framework of the Fund (and the options),
- the broad investment approach applied to each asset class,
- matters relating to strategic partnerships and strategic investments where these relate to investee companies and excludes the investments, portfolios and funds managed by these entities, and
- matters relating to strategically important service providers, as defined in the Instrument of Trustee Delegation.

In this way, the Board sets the broad balance between risk and return and the overall approach to investing over the longer term. The IC and Management operate within this framework.

## 8. Review

The terms of reference and membership of the IC will be reviewed by the Board on an annual basis.

## Schedule 1: Investment Decision Making Framework

DELEGATION	Management	IC	Board
<b>INVESTMENT GOVERNANCE</b>			
Investment philosophy			
Investment Governance Framework			
Investment Policies (Board)			
Investment Policies (IC)			
Appointment and review of primary asset consultant			
Appointment and review of custodian			
Appointment and review of advisers other than the Fund's primary asset consultant			
Investment Committee Terms of Reference			
Investment Committee Appointments			GRC
Investment Committee Performance			
Delegation policy			
Decisions regarding nomination to investor groups and committees			
Decisions regarding nomination to strategic bodies or committees			
<b>INVESTMENT STRATEGY</b>			
Investment objectives for options			
Investment objectives for asset classes			
Annual strategy review			
Strategic Asset allocation and ranges			
Target asset allocation			
Asset class strategy			
Asset class reviews			
Review of performance		Detailed	Oversight
<b>PORTFOLIO MANGEMENT</b>			
Manager appointments and terminations, complete in or out			
Placing managers on review, a procedure that increases review			
Making and reviewing strategic investments, add, subtract or modify			
Asset class structure and position, including manager allocations	Not material	Material	
Reserve management, acting within policy			
<sup>1</sup> Amendments to investment governing documents (all investments)	Not material	Material	
Term deposit portfolio, day to day operation in accordance with guidelines			
Fee negotiations			
Rebalancing and option program management, in accordance with policy			
<b>INVESTMENT RISK MANAGEMENT &amp; OVERSIGHT</b>			
Compliance with mandates, oversight			
Counterparty guidelines or policy			
Stress testing, monitoring and review within policy			
Liquidity position, monitoring and review within policy			
<b>INVESTMENT OPERATIONS</b>			
Unit price review			
Unit price approval			
Proxy voting (all investments)			
Regulatory reporting and monitoring			
<b>DECISIONS INVOLVING OTHER BUSINESS UNITS AND COMMITTEES</b>			
Closing or creating investment options			
Closing or creating asset classes			

Decision

<sup>1</sup> Considered not material if the amendment does not fundamentally change the nature of the investment