

Long Term Investment Pool (LTIP) Investment Application and Redemption Guideline

Purpose

This Guideline has been developed to articulate the process for sub-funds to invest in or divest from the Long Term Investment Pool (LTIP).

Overview

The ANU LTIP Application/Redemption Guideline details:

- The approval requirements for LTIP application or redemption.
- The guidance on completing the LTIP Unit Application/Redemption Form.
- The documentation required for the Source of Funding (for an LTIP Application).
- The documentation required for distribution preferences.

The Guideline is designed to standardize the process of applications into and redemptions from the LTIP. The Financial Position Summary (FPS) Report is designed to allow the identification of any possible investable sums into the LTIP. The documentation requirements are stated explicitly for clarity and accountability. **Documentation that is not mentioned in the LTIP Unit Application/Redemption Form is not considered as evidence for the Source of Funding.**

This guideline is to be read and used in conjunction with the following policies:

- [Procedure: Gift Fund Governance](#)
- [ANU Foundation Statute 2018](#)

Definitions

Application A sub-fund may purchase units in the LTIP at the latest market price.

DRP The distribution reinvestment plan allows sub-funds to reinvest their quarterly distributions back into the LTIP at the special reinvestment price. As a result, instead of receiving a cash distribution, the sub-funds will receive additional units in the LTIP.

Financial Position Summary (FSP) Report A financial report generated from ES Financials which includes the profit and loss statement, a balance sheet, transaction listings etc.

Gift Matching Proposal An agreement to contribute University funds equal to a philanthropic gift received for a particular purpose to a predetermined annual dollar amount.

LTIP The Long Term Investment Pool (LTIP) is a financial structure for the investment of monies on behalf of the University.

Redemption A sub-fund may sell units in the LTIP at the latest market price.

Guideline

Sources of Funding Requirement

This section details the level of documentation required for each source of funding categorised on the LTIP Unit Application/Redemption Form. All LTIP Unit Application/Redemption Forms, including the supporting documents requested in the schedules are submitted to Middle Office for initial review and approval.

The following refers to rows 1 - 5 of the "Funding Source" Table on the application form.

1. A gift to an existing endowment or an initial gift to form an endowment provides the receipt number(s). If the gift is through workplace giving, please indicate that in the application form.
2. The investment of matching funds requires a copy of the matching agreement. The matching agreement predates the associated gifts received (as per the Gift Fund Governance established under the *ANU Foundation Statute 2018*). The associated journal IDs and journal dates are required to ensure that the matching cash flow occurs after the external gifts have been received. A copy of the matching agreement is required to ensure the matching follows the rules stated in the Gift Fund Governance.
3. The reinvestment of unspent distributions is referred to as "Unspent Distributions" on the LTIP Unit Application/Redemption Form. Existing unitholders provide the forecasted budget or an actual vs budget analysis from the school or college associated with the funding. New unitholders can provide only the forecasted budget if they have no historical expenditure.
4. In the event of an internal transfer, the minimum requirement includes the associated journal ID and journal date, supporting memos, and other pertinent documentation. Internal transfers lacking sufficient documentation are not permitted.

LTIP investment applications from internally sourced funds require a high level of scrutiny. Appropriate documentation is essential.

5. For all other LTIP applications, the source of funding is explicitly documented. As an example, royalties received (book sales, etc.) have had all taxes paid before the donation is made. Furthermore, revenue received from the sale of goods and services meets all tax obligations before consideration for investment in the LTIP. A statutory declaration or any related sales invoices that document the payment of tax is provided.

Approval Requirements for LTIP Application

6. A FPS is provided. The FPS Report of the sub-fund reflects the life to date history of the sub-fund's financial position. For sub-funds with multiple GLCs the FPS report for the historical GLCs is provided.
7. Completion of the LTIP Unit Application/Redemption Form.
8. The amount of the investment is equal to the source of funding stated in the application form, as evidenced in the FPS Report. For dividend reinvestments (unspent distributions from prior periods), the sum to be invested is evidenced in the FPS Report.
9. The notional cash available in the sub-fund exceeds the amount to be invested in the LTIP.
10. If the source of funding for the LTIP application includes matching funds from the University, the matching funds conforms to the matching fund's agreement. Matching funds occur in the same calendar year as the gift is received.
11. LTIP sub-funds without clear budgeted expenditure will default into the Distribution Reinvestment Plan (DRP). If a LTIP sub-fund receives distributions but has no or only negligible expenditure for 12 months, the fund will be placed into the DRP.
12. Where a change in distribution preferences is required, Advancement submits a Change of Distribution Instruction for the LTIP sub-fund. A genuine comprehensive plan of expenditure, prepared by the local area, is required to be submitted along with the distribution instruction to Middle Office.

Approval Requirements for LTIP Redemption

13. LTIP redemptions cannot exceed the sub-fund's total investment in the LTIP.
14. **A FPS Report is run and provided as an attachment to the application.** The FPS Report of the sub-fund reflects the life to date history of the sub-fund's financial position. If the sub-fund has had a different general ledger code (GLC), the financial position of the historical GLC is included in the FPS Report.

15. **Independent third-party verification of the account balance of the endowment through IRESS Registry.** Middle Office undertakes the independent verification with Registry.
16. **Indication of the type (Partial or Full) and purpose of redemption on the Application Form.**
17. Completion of the LTIP Unit Application/Redemption Form.

Gift Funds Governance and Dividend Reinvestment Plan (DRP)

18. A change of distribution preference from DRP to cash requires Advancement to prepare the Change of Distribution Instruction. A genuine comprehensive plan of expenditure prepared by the local area is submitted along with the distribution instruction to Middle Office.
19. A variation report displaying the difference between the actual and budget amounts of expenditure is completed every year. This is to check if the endowment fund spends in accord with the budget.

Matching Funds

20. An approved gift matching agreement is made and it predates the matching transaction.
21. Matching agreements as per ANU Procedure: Gift Fund Governance:
 - May be introduced only during the gift solicitation period;
 - Are not available for retrospective access;
 - Do not place the University's target level of operating cash reserves, the associated discretionary investment proceeds, or the financial performance targets of the University, in danger¹.
 - Are bounded by a dollar to dollar (1:1) principle. An alternative ratio of University to donor monies may be considered on a case-by-case basis. Criteria for exemption include a provision of a compelling business case, the endorsement by the Vice-President (Advancement), and approval from the Deputy Vice Chancellor – International and Corporate.
22. The University matching funds are only transferred to the endowment after the associated gift(s) are received.

¹ ANU Procedure: Gift fund governance

23. The only acceptable format for any matching agreements established since 1 January 2018 is a Gift Matching Proposal. The Gift Matching Proposal is endorsed by College Deans or Service Division Directors. Endorsement from the Vice-President (Advancement) and approval from the Deputy Vice Chancellor – International and Corporate are required for any matching agreement.
24. For funds matched prior to 1 January 2018, the following documentation can be considered equivalent to a matching agreement:
- i. The General Ledger Code (GLC) of the source of matching funds
 - ii. Size of matching funding
 - iii. Timeframe of the matching agreement
 - iv. Frequency of matching transfer(s)
 - v. Identify the source of external donation that is being matched.
25. Upper limit of matching funds from the University for a gift fund is \$50,000 per annum
- 26.** Matching funds occurs after the external gifts have been received and within the same calendar year as the gift was received.

Document information

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