CAPRICORN COLLEGE
FOR
TECHNICAL, VOCATIONAL EDUCATION & TRAINING
ISO 9001:2008 CERTIFICATED

INVESTMENT POLICY

CENTRAL OFFICE
CAMPUSES:
POLOKWANE
SESHEGO
SENWABARWANA
RAMOKGOPA

Policy Developed: 01/04/2017

Approved by Management: 30/07/2018

Approved by Council: ...... Thamano

Next revision date: November 2019

VISION OF CAPRICORN COLLEGE FOR TVET

"To be the Leading Technical, Vocational Education and Training Institution of Excellence"

MISSION STATEMENT OF CAPRICORN COLLEGE FOR TVET

Capricorn College is to offer responsive, flexible and quality programmes that are accessible to all learners through formal learning, skills development and learnerships. This is achieved by adhering to policies and procedures, making use of committed human capital and employing appropriate physical and fiscal resources.

Values

- **Respect**: We treat others as we would like to be treated ourselves. Abusive or disrespectful treatment is not tolerated. We will strive for fairness and equity.

- **Integrity:** We are committed to transparency, honesty and sincerity.

- **Communication:** We are committed to effective communication. We believe information is meant to move and that information moves people.

- **Excellence:** We are satisfied with nothing less than the best quality in everything we do.

TABLE OF CONTENT

1. Definitions

For the purpose of this policy, unless the context indicates otherwise, the following definitions are set out for the terms indicated:

1.1 "Accounting Officer" – means the College Principal.

1.2 "Act" – means the CET Colleges Act No.16 of 2006, as amended.

1.3 "Cash" – comprises cash on hand and demand deposits;

1.4 "College" – is a Capricorn College for TVET.

1.5 "Council" – is the governing body of the College as determined by the Act.

1.6 "Department"; "DHET"– is the Department of Higher Education and Training.

1.7 "GRAP" – means Generally Recognised Accounting Practice.

1.8 "Investee" – means an institution with which an Investment is placed, or its agent.

1.9 "Investment" – means a monetary asset purchased with the intention that the asset will provide income in the future or appreciate and be liquidated and have the potential of being liquidated without incurring a capital loss.

1.10 "Investment consultant" – means an independent investment advisor whose primary role is to advise the Council in the Investment decision making process.

1.11 "Investment manager" – means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act, 1989 and Stock Exchange Controls Act, 1985 contracted by the College to manage investments on its behalf and is prohibited specifically from providing Investment advice;

1.12 "Investment Policy Statement (IPS)" – is the document detailing the general Investment principles to be followed in managing the assets of the College. (further details in section 3)

1.13 "Investment tolerance levels" – means the Investment risk exposure limits per Investment institution and Investment instruments that the Accounting Officer will permit;

1.14 "JSE" – is the Johannesburg Stock Exchange;

1.15 "Liquidity" – means the ability to make funds available to meet all anticipated obligations whilst maintaining a prudent reserve to meet unanticipated cash requirements. It is also the ability to change an Investment into its cash equivalent on short notice;

1.16 "Maturity" – means the date upon which the principal amount or stated value of an Investment becomes due and payable;

1.17 "Medium Term Surplus" – means all money in excess of projected annual rolling cash requirements, but expected to be required within 5 years based on monthly updated rolling cash-flow projections;

1.18 "Minister" – is the Minister of the Department of Higher Education and Training;

1.19 "Operational Cash (Short-term Investments)" – means funds required within the next three months based on monthly updated rolling cash-flow projections;

1.20 "Risk analysis" – means the assessment to consider whether the overall value of funds should not have been diminished in the process of securing and investing those funds over the duration of the Investment;

1.21 "Surplus Investments (Long term Investments)" – means funds, not required within the short to medium term, that can be invested for a period exceeding five years based on monthly updated rolling cash-flow projections;

1.22 "Supply Chain Management (SCM) Policy"– means the policy providing a framework that will enable the College to source and appoint service providers, contractors and suppliers to the College;

1.23 "TVET" – is Technical and Vocational Education and Training;

1.24 Unit Trust: Pooled investment vehicle as defined by the Collective Investment Schemes Act

1.24.1 Absolute Return Mandated Unit Trusts: Regulation 28 compliant unit trusts with the objective of returning Inflation(CPI) +2% to Inflation +4%, with target of not losing capital over any 12 month rolling period.

1.25 "VCET" – is Vocational and Continuing Education and Training;

1.26 "Working Capital Surplus (Short-term Investment)" – means funds required within the next 3 to 12 months, based on monthly updated rolling cash-flow projections.

2. Legislative framework and best practice regulations

Key principles contained in the following legislation were applied to develop this Investment Policy:

CET Colleges Act No.16 of 2006 (as amended) (the "Act") (formerly the FET Act);

Public Finance Management Act, 1999 (Act No 1 of 1999 as amended by Act 29 of 1999) (PFMA);

National Treasury Regulations of March 2005;

Guidance in what constitutes sound investment in Government-owned entities as contained in the Municipal Investment and PPP Regulations for the MFMA, published in Government Gazette 27431 dated 1 April 2005;

Board Notice 80 of 2012 to the Collective Investment Schemes Control Act (use as guide to Investments within each asset class) [*Appendix A*]; and

Regulation 28 of the Pensions Fund Act, as a guide to allocation of funds to each asset class [*Appendix B*];

Annexure B of Regulation 29 of the Medical Schemes Act, as a limitation guideline for Cash and Money Market assets [*Appendix C*].

4. Scope

4.1 The College Council has an obligation to ensure that Capricorn college for TVET's cash resources are managed as effectively as possible and in line with the needs of the College, being a public institution and a recipient of public funds. Council has the responsibility of investing surplus funds with great care and due recognition of the risks and rewards of its decisions.

4.2 The Investment Policy is aimed at gaining the highest possible return without undue risk, taking into account both the long and short term need for the funds in question, whilst at the same time maintaining an effective cash flow management system.

4.3 The risk and return of each Investment will be linked to a time horizon which will generally imply that the longer the time horizon, the more growth (volatile) assets can be included in the portfolio.

The effectiveness of the Investment Policy is dependent on the accuracy of the College's cash management programme, which must identify the amounts surplus to the College's needs, as well as the time and period for which such revenues are surplus.

5. Investment Structure

The Investments of the College represent balance sheet assets that can be held to cover operational or capital expenditure needs, but may also be surplus to the short and medium term requirements of the College. The Investments are divided into the following categories for purposes of developing a suitable Investment strategy for each:

5.1 Operational Cash (Short Term): Cash that needs to be available within 3 months to cover either operational or capital expenses of the College.
5.2 Working Capital Surplus (Short Term): Cash that needs to be available within the next 3 to 12 months to cover either the operational or capital expenses of the College.
5.3 Medium Term Surpluses: Investments held for the purpose of being utilised within the next 5 years, but not within 1 year.
5.4 Surplus Investments (Long Term): Cash not expected to be used for either operational or capital expenditure within the next 5 years.

The different time horizons attached to each of the categories will require different Investment objectives and risk tolerances.

The College is expected to have the majority of its Investments in the Operational Cash (Short Term) category, though it is understood that this will not always be the case.

4. Scope

4.1 The College Council has an obligation to ensure that Capricorn college for TVET's cash resources are managed as effectively as possible and in line with the needs of the College, being a public institution and a recipient of public funds. Council has the responsibility of investing surplus funds with great care and due recognition of the risks and rewards of its decisions.

4.2 The Investment Policy is aimed at gaining the highest possible return without undue risk, taking into account both the long and short term need for the funds in question, whilst at the same time maintaining an effective cash flow management system.

4.3 The risk and return of each Investment will be linked to a time horizon which will generally imply that the longer the time horizon, the more growth (volatile) assets can be included in the portfolio.

The effectiveness of the Investment Policy is dependent on the accuracy of the College's cash management programme, which must identify the amounts surplus to the College's needs, as well as the time and period for which such revenues are surplus.

5. Investment Structure

The Investments of the College represent balance sheet assets that can be held to cover operational or capital expenditure needs, but may also be surplus to the short and medium term requirements of the College. The Investments are divided into the following categories for purposes of developing a suitable Investment strategy for each:

5.1 Operational Cash (Short Term): Cash that needs to be available within 3 months to cover either operational or capital expenses of the College.
5.2 Working Capital Surplus (Short Term): Cash that needs to be available within the next 3 to 12 months to cover either the operational or capital expenses of the College.
5.3 Medium Term Surpluses: Investments held for the purpose of being utilised within the next 5 years, but not within 1 year.
5.4 Surplus Investments (Long Term): Cash not expected to be used for either operational or capital expenditure within the next 5 years.

The different time horizons attached to each of the categories will require different Investment objectives and risk tolerances.

The College is expected to have the majority of its Investments in the Operational Cash (Short Term) category, though it is understood that this will not always be the case.

6. Stakeholders and their Roles and Responsibilities

Stakeholders and those responsible for the management and administration of the Capricorn College for TVET's Investments include, but are not limited to:

6.1 Council

The Council is the managing and controlling body of the Investments and should operate independently from other stakeholders.

The Council members are required to take an active interest and to exercise their discretion in respect of every aspect of the Investments. For this reason, the Council needs to have a detailed knowledge of the duties of all the other Investment related persons.

Section 10(2) (i) of the Act requires the Council to develop a strategic plan for the College which must incorporate the mission, vision, goals and planning for funding of the College.

Section 7C of the Pension Funds Act provides the objectives of the Board of Management. The Council can reference these objectives as their own given that they also have fiduciary responsibility to invest the College's funds on behalf of the College. The objectives of the Council shall be to direct, control and oversee the Investment operations of the College in accordance with the applicable laws and the rules of the College, in pursuance of which the Council shall:

a) take all reasonable steps to ensure that the interests of Capricorn College for TVET are protected at all times;

b) act with due care, diligence and good faith;

c) avoid conflicts of interest;

d) make annual declarations (official) and declarations at each Council meeting of any conflicts of interest;

e) act with impartiality.

In addition to the responsibilities set out in Section 10(1) of the Act, the Council will be responsible for:

f) Developing the IPS to achieve the objectives of the Council;

g) Reviewing, with the assistance of relevant expert advisers, the Investment strategy and related policies, processes and procedures and recommend changes to the College;

h) Monitoring the Investment performance of the College Investments on an on-going basis and propose adjustments to the Investment strategy to ensure adherence to the IPS and achievement of the College objectives;

i) Ensuring that the College complies with all legal and regulatory requirements relating to the Investment of assets of the College;

j) Acting in the best interest of the College including ensuring that the College receives the appropriate returns on its Investments by making well informed Investments decisions;

k) Optimising the Investment potential of the College's Investments;

l) Ensuring that the assets for which they are responsible are not abused;

m) Carrying out their responsibilities for the benefit of the College, without any personal and/or conflicting interests;

n) Exploring different Investment strategies and policies;

o) Reviewing the College's Investment strategy, regularly; and

p) Mandating, where required, an Investment Sub-Committee to assist the College with Investment related matters, from time to time.

Section 25 of the Act details the responsibilities of the Council in relation to financial records and financial statements.

6.2 *Accounting Officer*

The Accounting Officer of Capricorn College for TVET, in terms of powers contained within the Act and delegated by Council.

6.3 Investment Consultant

a) Provides Investment advice and assists the Council and/or the Investment sub-committee with understanding developments and opportunities in the investment industry and markets, and assists in analysing how these opportunities can be implemented to the benefit of the College.

b) Assists the Council in setting the College's Investment philosophy, benchmarks, objectives, peer groups to monitor approved portfolios.

c) Assists the Council with the review and due diligence of the development and implementation of the Investment strategy to achieve the College's objectives.

d) Assists the Council with the monitoring of Investment performance, Investment managers and other aspects of the Investment strategy.

e) Assists the Council with the appointment and termination of Investment managers, formulation and maintenance of Investment management agreements and mandates.

f) Assists the Council in sourcing and management of transition management services and Investment manager continuation policies.

g) Provides the Council with qualitative and quantitative analysis and research updates on the Investment managers.

h) Assumes responsibility for arranging and facilitating due diligence visits with the College's Custodian, each of the College's Investment Managers / Investment Platforms, where applicable.

i) Reviews the IPS in conjunction with the Council, on an annual basis, and provides recommendations and advice in modifying the IPS, where necessary.

6.4 *Investment Manager*

a) Manage assets in accordance with specific mandates granted by the Council, within legislative requirements, according to their best investment view and in the best interest of the College.

b) Reconcile the Investment manager's records of the College's assets held with those of the Custodian.

c) Report to the Council as required.

d) Co-operate with the Investment Consultant and provide whatever security level information is requested accurately and promptly.

6.5 *Deputy Principal: Finance*

a) Ensuring the safekeeping of all the directly held assets of the College.

b) Undertaking all appropriate administration relating to the directly held assets of the College.

c) Processing all income with respect to the College in a timely manner.

d) Reconciling records of assets held with the Investment managers.

e) The College's Deputy Principal: Finance will be the main liaison amongst all the investment Stakeholders of the college and report to the Accounting officer.

6.6 *External and Internal Auditors*

a) The External auditor audits the Investments of the College on an annual basis for regulatory purposes or on an ad-hoc basis for any other purpose required by the College.

b) The Internal auditor audits the internal processes relating to the systems of recording all Investment transactions.

6.7 *Investment Committee*

a) Formulating the Investment strategy.

b) Implementing the Investment strategy through the selection of appropriate Investment vehicles and Investment managers.

c) Mandating Investment managers to manage the College's assets.

d) Monitoring the Investment performance.

e) Monitoring compliance with the Investment Policy.

f) Reviewing and revising the IPS.

7. Delegation of powers

7.1 This Investment Policy should be applied with due consideration of the approved College's Delegation of Authorities. Such delegations refer to delegations between the Council and the management of the College. All delegations in terms of this Investment Policy must be recorded in writing.

7.2 The Accounting Officer is accountable for all transactions entered into by his/her delegates.

7.3 The overall responsibility for Investments vests with the Accounting Officer. However, the day-to-day handling of Investments should be the responsibility of the Deputy Principal: Finance or his/her delegate.

8. Investment ethics

The following ethics apply when dealing with financial institutions and interested parties:

8.1 The Accounting Officer and the Deputy Principal: Finance are responsible for the investment of funds, and must remain independent and seem to remain independent at all times.

8.2 No member of staff may accept a gift or benefit of more than R350, regardless of whether such a gift influences him/her in his/her work or is intended to do so. No offer of money must be accepted, regardless of the amount. All gifts or benefits received must be properly disclosed as per the College's gifts and donations policy.

8.3 No College employee or Council member, or their family, may under any circumstances whatsoever, on his or her own behalf or on behalf of any other person, whether directly or indirectly, stipulate, claim or receive any consideration, of whatever nature, in connection with an Investment made.

9. Investment principles

9.1 Principles of risk and return

9.1.1 It is an accepted general economic principle that the higher the expected return, the greater the expected risk (high risk, high return concept).

9.1.2 The ability to take risk is closely linked to the time horizon.

9.1.3 Investments may not be undertaken with a view to speculation and must be governed by the following investment principles:

a) Preservation and safety of capital;
b) Liquidity;
c) Yield; and
d) The time value of money.

9.2 Objectives of Investments

The Investments are divided into the following four time-linked categories, for purposes of developing a suitable objective for each:

	Investment Type	Time Horizon	Objective and typical asset class exposure
A.	Operational Cash (Short Term)	Short Term, less than 3 months	Only current accounts are permitted (No capital risk, while striving for maximum interest). Exposure to be limited to the top 5 Banks, as determined by the capital and reserves, per the BA900 returns submitted to the South African Reserve Bank.
B.	Working Capital Surplus (Short Term)	Short Term, less than 12 months	Only current accounts, money market funds and fixed deposits up to 6 months maturity are permitted (No capital risk, while striving for maximum interest). Exposure to be limited to the top 5 Banks, as determined by the capital and reserves, per the BA900 returns submitted to the South African Reserve Bank.
C.	Medium term surpluses	Short to Medium Term, 1 to 5 year horizon	Regulation 28 compliant Absolute Return Mandates of CPI + 2 to 4%, with target of not losing capital over any 12 month rolling period.
D.	Surplus Investments (Long Term)	Long Term, more than 5 year horizon	Growth assets can be accessed, but must comply with the Prudential limits specified by Regulation 28 of the Pension Funds Act.

9.3 Investment mandate

9.3.1 The Council must determine an Investment mandate, for each Investment objective, stating:

a) The Investment objective;
b) The time horizon over which the Investment will be realized;
c) The speed with which the Investments will have to be realised when the need arises;
d) The risks to which the capital may be exposed, i.e. the importance of preserving capital, and the need for growth over time;
e) The asset classes deemed acceptable to meet the Investment objective; and
f) The maximum amount of funds, or percentage of the total funds committed to that Investment objective, which may be allocated to any one asset class.

9.3.2 The Investment mandate shall be agreed by the Investment Committee and/or Finance Committee of the Council before any funds are invested, and any changes must be agreed by the Investment Committee and/or Finance Committee before implementation.

9.3.3 The Investment mandate must at all times comply with the general Investment guidelines as specified in paragraph 10.2. Should the College appoint an external party to manage the portfolio, the Investment mandate must make explicit reference to those guidelines.

9.4 All College borrowings must be approved by the Minister. The College shall not borrow any money, including an overdraft facility, for Investment purposes.

9.5 An Investment may be made only if the Investment is denominated in Rand and is not directly indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

10. General Investment guidelines

10.1 Appointment of Investment managers

10.1.1 The SCM policy should be applied for the appointment of the Investment Manager.

10.1.2 Any funds managed by an institution on behalf of the College must be managed in terms of the College Investment mandate for those funds, as approved by the Council in terms of paragraph 9.

10.1.3 The appointment of the Investment manager for the College must be approved by the Council. The Council may approve the appointment of more than one Investment Manager provided the SCM procedures have been followed.

10.1.4 The Investment Manager must be licensed by the Financial Services Board as an Investment manager.

10.1.5 Investment portfolios should either be Unit Trusts or Pooled Life Policies, but cannot be direct Investments via a stockbroking account. In all cases, however, the guidelines as laid out in paragraph 10.2, 17 and 18 should be followed.

10.1.6 All Investment related fees payable to Investment advisors and Investment managers should be clearly disclosed as part of the approval process. This applies to both initial fees (for example administration fees, placement fees or broker fees) as well as any ongoing asset management or investment advice fees.

10.2 Applicable Investment guidelines

10.2.1 The College acknowledges that the Financial Services Board has developed Investment guidelines for the appropriate management of regulated investment portfolios and that it updates these guidelines as and when required. The College has determined that these guidelines are both appropriate for its Investments and that the Financial Services Board will ensure that its regulations are always up to date.

10.2.2 Accordingly, the College has adopted Board Notice 80 of 2012 to the Collective Investment Schemes Control Act as its Investment guidelines for each asset class in an Investment portfolio. All mandates must adhere to the appropriate chapters of Notice 80 for the instruments allowed in the portfolio in terms of the Investment mandate.

10.2.3 While Notice 80 determines suitable instruments and the limits applicable to Investments in specific instruments, it does not determine an applicable allocation to asset classes. Paragraph 9.2 of the IPS provides guidance in this regard, and both Medium Term Surpluses as well as Surplus Investments (long term) will be bound by the overall asset class limits as laid out in terms of Regulation 28 of the Pensions Fund Act.

11. Effective cash management

11.1 Establishment of the cash surplus

11.1.1 Before any money can be invested, the Deputy Principal: Finance, or his/her delegate, should determine whether there will be surplus funds available.

11.1.2 When compiling monthly cash flow estimates, it is essential that the Deputy Principal: Finance is aware of the timing of all expected cash inflows and outflows, as far as both the operational budget and the capital budget are concerned.

11.1.3 Surplus cash flow shall first be regarded as Working Capital Surplus and thereafter, reserves, or surplus funds as defined.

11.1.4 The first three months' expenses shall be retained in the current account.

11.1.5 The cash required over the following nine months will be classified as working capital and held to ensure that the College is able to easily move funds into its Current Account to maintain the liquidity buffer.

11.1.6 Surplus cash reserves in excess of the first 3 months of operational cash requirements, may be invested in terms of paragraph 9 above.

12. Operational and Working Capital Surplus management

12.1 Investment term

12.1.1 An Investment made from Working Capital Surplus should be based on cash flow estimates for at least the next twelve months to ensure that the correct Investment strategy is adopted.

12.1.2 Three months' operational expenditure requirements should be held in the Current Account.

12.1.3 The balance of the Working Capital Surplus, being the nine months of operational requirements, can be invested according to the principles stipulated in paragraph 9.2.

12.1.4 Daily cash flow estimates will provide for daily call Investments and Investment withdrawals, whereas long-term Investments need to be based on projections further into the future.

12.2 Cash and money market Investments

12.2.1 The overriding principle is to limit the amount of cash in the Current Account to the absolute minimum but always taking into account the cash management plan and monthly cash flow estimates. In general, more beneficial rates could be obtained with regard to longer, fixed term Investments, but cannot be fixed beyond 6 months' maturity.

12.2.2 The College may manage the Working Capital Surplus itself, subject to being able to fulfill the following steps:

a) Following the guidelines as per paragraph 9.2;
b) Reassessing the Investment strategy on a regular basis;
c) Assessing Investment instruments based on liquidity requirements; and

d) Taking absolute and prudent steps, consistent with the IPS and according to the Investment tolerance levels, to diversify its Investment portfolio across accredited institutions, types of Investment and Investment maturities.

12.2.3 Before making any call or fixed deposits, the Accounting Officer, or the Deputy Principal: Finance shall obtain quotations from at least three financial institutions. Quotations must be obtained in writing and the SCM process must be followed. These deposits must follow the guidelines approved by the Council, as detailed in the IPS.

12.2.4 All quotations obtained shall be recorded in an appropriate register indicating the name of the institution, the name of the person contacted, the relevant terms and rates offered by such institution, as well as any other information which may be relevant.

12.2.5 Once the best Investment terms have been identified, written confirmation of the telephonic quotation must be obtained immediately (by facsimile or e-mail). Confirmation must include the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity). The process followed must fulfil the requirements of SCM procurement requirements.

12.2.6 Any deviation, if such best offer is not accepted, must be documented.

12.2.7 Once the Investment has been made, the Accounting Officer shall ensure that the College receives a properly documented receipt or certificate for such Investment, issued by the institution concerned in the name of the College.

12.2.8 Funds should be invested with more than one institution (permitted institutions are limited to the top 5 Banks, as determined by the capital and reserves as per BA900 returns submitted to the South African Reserve Bank) in order to limit the risk exposure of the College in the following circumstances:

a) Operational Cash can be invested with one institution where values do not exceed R40million.
b) If Operational Cash exceeds R40million, no more than 60% can be invested in one institution. It should be noted that a group of financial institutions under the same holding company would be treated as a single institution.
c) Where the Working Capital Surplus exceeds R10million, the College will ensure that no more than 35% of the available funds should be placed with a single institution. In this case, it should be noted that a group of financial institutions under the same holding company would be treated as a single institution. This arrangement excludes money deposited on current accounts.
d) Where the Working Capital surplus is below R10million, the College may place the funds at a single institution.

13. Medium Term Surpluses

13.1 The most appropriate portfolios would be Regulation 28 compliant Absolute Return Mandates (Unit Trusts) with return objectives of CPI + 2 to 4%, with the additional target of not losing capital over any 12 month rolling period.

13.2 Where the Medium Term Surplus exceeds R10million, the College will ensure that no more than 35% of the available funds should be invested into an applicable Unit Trust.

13.3 Where the Medium Term Surplus is below R10million, the College may invest into a single applicable Unit Trust.

14. Surplus Investments (Long Term)

14.1 The most appropriate portfolios would be maximum growth Regulation 28 compliant Mandates (Unit Trusts).

14.2 Where the Long Term Surplus exceeds R10million, the College will ensure that no more than 35% of the available funds should be invested into an applicable Unit Trust.

14.3 Where the Long Term Surplus is below R10million, the College may invest into a single applicable Unit Trust.

15. Investment practice

15.1 Payment of commission

15.1.1 The financial institution where a fixed deposit is made must issue a certificate with regard to each Investment, when the Investment is made, in which it states that the financial institution has not or will not pay any commission, except where the Council has decided to appoint a go-between/agent/consultant and the fee/commission has been decided and approved by the Council before any Investment is made.

15.1.2 Any fees payable to a broker, agent or Investment manager or consultant must be clearly stated on the application form and approved by Council.

15.2 Professional advice

15.2.1 The Council should seek professional advice from an investment consultant whenever there is a degree of uncertainty regarding Investment opportunities that are evaluated.

15.2.2 The College may appoint an investment consultant to advise it on the construction of mandates, or on the selection of Investment managers (including approved lists per investment category).

15.2.3 The selection of professionals must follow the existing College SCM procurement processes.

16. Internal control over investments

16.1 Portfolio management

The Investment portfolios, both for the Working Capital Surplus and for the investable surplus shall be valued at the end of every month, and statements should be received from all institutions holding or managing funds on behalf of the Capricorn College for TVET, and accounted for in the College's financial records with appropriate reconciliations.

16.1.1 Each Investment manager must provide a full set of standard Investment portfolio reports to the College on a quarterly basis, and shall be requested to present to the College, on an annual basis, an overview of the Investment portfolio and its performance.

16.1.2 Updating of accounting records and performance of reconciliations

16.1.3 The Accounting Officer shall ensure that proper records are kept of all Investments made by Capricorn College for TVET.

16.1.4 An Investment register must be maintained of all Investments by the College.

16.1.5 The Investment register must include, at least, the following details:

a) Name of institution;
b) Type of Investment;
c) Currency;
d) Capital invested;
e) Capital withdrawn;
f) Date invested;
g) Term of Investment;
h) Interest rate;
i) Maturity date;
j) Interest earned, interest received and interest capitalised;
k) Capital repaid;
l) Balance invested; and
m) If the Investment is liquidated at a date other than the maturity date, such date shall be indicated.

16.1.6 The Investment register and accounting records must be reconciled and reviewed on monthly basis.

16.1.7 The Accounting Officer shall ensure that all interest and capital properly due to the College are promptly received, and shall take appropriate steps, or cause such appropriate steps to be taken, if interest or capital is not fully or promptly received.

16.2 Maintenance of documentation

16.2.1 The Accounting Officer should ensure that all Investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged off-site for safekeeping with suitably accredited custodians.

16.2.2 The following documents must be adequately safeguarded:

a) Fixed deposit letter or Investment certificate;
b) Receipt for capital invested;
c) Share certificate; and
d) Any other documents of title.

16.2.3 Reporting requirements

16.2.4 There shall at all times be transparency and accountability in respect of every Investment made and of the College's investment portfolio.

16.2.5 In this regard, the Accounting Officer must within 10 days of the end of each month, prepare a report describing, in accordance with GRAP, the Investment portfolio of the College as at the end of the month. Such reports shall be tabled with the Audit Committee and Council via the Finance Committee, at each scheduled quarterly meeting.

16.2.6 The report must reflect by mandate, at least-

a) The market value of each Investment portfolio as at the beginning of the reporting period;
b) Capital changes to the Investment portfolio during the reporting period;
c) The market value of each Investment portfolio as at the end of the reporting period;
d) Fully accrued interest or yield for the reporting period;
e) Asset allocation per Investment portfolio; and
f) The investment performance of the Investment portfolio, and a comparison to the benchmark over 1 month, 3months, rolling 1 year, rolling 3 years and rolling 5 years, where possible.

17. Permitted Investments

The College shall only invest funds in the following instruments or Investments:

a) Deposits with banks registered in terms of the Bank Act, 1990 (Act No.94 of 1990).
b) Deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984).
c) Deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984).
d) Bankers' acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990.
e) Unit Trusts regulated under Board Notice 80 of 2012 to the Collective Investment Schemes Control Act.

18. Prohibited Investments

The College shall not be permitted specifically to make the following Investments, even though Investments will always have to adhere to the list of permitted Investments as contained in paragraph 17:

a) Direct listed and unlisted share portfolios;
b) Investments in unlisted shares;
c) Investments in stand-alone derivative instruments;
d) Foreign investment, except as part of a South African FSB registered Unit Trust which complies with Regulation 28 of the Pension Funds Act;
e) Investments in endowment policies;
f) Investments in venture capital;
g) Investments in private equity funds.

19. Adoption of policy

This Investment policy is effective from the date on which it is adopted by the Council.

20. Availability of Investment policy

A copy of this Investment Policy and other relevant documentation should be made available on the TVETC website.

21. Annual revision of the Investment Policy

This Investment Policy will be subject to an annual review by Capricorn College for TVET management to ensure its relevance.

Any recommended changes should be presented to the Council for adoption.

APPENDIX A

Board Notice 80 of 2012 to the Collective Investment Schemes Control Act

Board Notice 80 of
2012 to the Collective

APPENDIX B

Regulation 28 of the Pensions Fund Act

Regulation 28.pdf

APPENDIX C

Regulation 29 of the Medical Schemes Act (Annexure B which stipulates the limits is applicable here)

Annexure B
LIMITATION ON ASSETS

[Annexure B substituted by GNR.1360 of 2002 wef 1 January 2003.]

Item		*Categories or kinds of assets*	*Maximum percentage of aggregate fair value ofliabilities and the minimum accumulated funds to be maintained in terms of Regulation 29*
1.	(*a*)	Inside the Republic—	
		Deposits and balances in current and savings accounts with a bank, including negotiable deposits, money market instruments and structured bank notes in terms of which such a bank or mutual bank is liable, as well as margin deposits with SAFEX, and collateralised deposits:	100%
		(i) Per bank with net qualifying 35% capital and reserve funds per Reserve Bank DI900 return greater than R5 billion.	35%