CAMP QUALITY LIMITED
INVESTMENT POLICY

Document Name	Investment Policy		
Date Created	January 2019		
Master document location	Gigglenet		
Policy owner(s)	General Manager, Finance and Operations		
Review Body	Audit and Compliance Committee	Approved by the Board	16th December 2021
Review Date	October 2021	Version Number	3.0
Next review date	October 2022	Review Period	1 year

Article I. INVESTMENT OBJECTIVES

1. Mission Statement

Camp Quality believes every Australian child impacted by cancer – be that their own diagnosis or the diagnosis of someone they love - should have every opportunity to thrive. We are there for children and their families from the first experience of cancer through every stage, from treatment to remission and in the case of bereavement - in hospital, at home, at school and away from it all. Our belief in the proven principles of positive psychology forms the foundations of everything we do. We believe laughter is the best medicine. Laughter and optimism are essential to help our kids and their families not only cope but thrive.

2. The Principal Aim of Investment

The purpose of the Camp Quality's investment portfolio is:

a) To provide funds to be available for use to deliver programs and meet operational costs in the case of catastrophic events with a minimum of 1:1 coverage of total budgeted costs per annum;
b) Subject to 2.a) above, to fund strategic opportunities (i.e. to support the growth of the organization);
c) To ensure that prudent medium-term and long-term returns are maintained within reasonable and accepted levels of risk;
d) To grow the underlying capital base of Camp Quality to assist in offsetting and managing the effects of inflation, and to ensure Camp Quality can meet its cash flow requirements over the short, medium and long term; and
e) To maintain an appropriate asset allocation to achieve the above.

3. Purpose of Investment Policy

The primary purpose of the Investment Policy is to:

a) Protect and manage funds under management within acceptable risk levels and to minimize downside effects of adverse market events.
b) Maintain a long-term outlook when short-term market movements may be distressing.
c) Define the criteria to evaluate different investment opportunities and managers.
d) Allow Camp Quality to regularly review the performance of the portfolio and the asset classes which comprise the investment portfolio against appropriately established benchmarks.

CAMP QUALITY LIMITED

INVESTMENT POLICY

The overarching objective of this Policy is to define the investment objectives and assist Camp Quality and its appointed Investment Manager to effectively manage, supervise, monitor and evaluate the management of the Camp Quality's funds and other assets invested for growth within acceptable risk parameters.

Article II. PORTFOLIO STRATEGY

- In taking decisions on investment strategy, the Board of Camp Quality will have regard to the best interests of Camp Quality and the overall circumstances of the Portfolio and will comply with all applicable legislative requirements.
- The Board of Camp Quality has entrusted the responsibility and delegated the authority to manage investments, in accordance with this Policy, to the Audit and Compliance Committee.
- The Audit & Compliance Committee will ensure the Portfolio is invested responsibly, recognising that the funds represent public donated monies for the benefit of the long-term viability of Camp Quality. Within this constraint the Audit & Compliance Committee will endeavour to earn a reasonable return for the Portfolio within acceptable risk parameters.
- The Portfolio's investments will be managed with a view to ensuring that the Portfolio will have sufficient liquidity to meet expected cashflow requirements. The significant majority of investment holdings are to be readily marketable holdings that could be realised without significant delay to fund any shortfall in cash flow requirements.
- The Portfolio will seek to reduce investment risk by investing across the range of asset classes.
- The Audit & Compliance Committee will retain the services of a professional Investment Manager who will have responsibility for making recommendations to the Audit & Compliance Committee in respect of the investment of the assets within specified constraints as defined by this policy statement. The Investment Manager will also provide performance monitoring and other investment advisory services.
- The Investment Manager may utilise Fund Managers with styles complementary to each other and investment objectives compatible with those of the Portfolio. For specific classes of investment assets, the Audit & Compliance Committee may also appoint specialist sector managers.

Article III. Prohibited Investments

Camp Quality's funds must be invested in compliance with all applicable laws and Camp Quality policies. In addition, the investment policy will take into account ethical, social, environmental and sustainable (ESG) implications of all investments. In addition, direct securities and managed funds will be evaluated using Environmental, Social and Governance (ESG) metrics.

Integration of Ethical Considerations: The Board understands and accepts that the exclusion of industries, specific stocks or funds has the potential to limit the investment universe available to the Investment Manager and as such, the potential to negatively affect the risk adjusted return generated by the Fund. In light of that and to pragmatically align our investment mandate with material ethical issues, there will be no direct investments (negative screens) made in companies involved in:

- Tobacco production, as well as companies deriving material sales revenues (more than 5%) from tobacco.
- Adult entertainment (pornography) production, as well as companies deriving material sales revenues (more than 5%) from Adult entertainment.
- Deriving material sales revenues (more than 10%) from conventional, biological/chemical or nuclear weapons.
- Child-labour, which will be defined as those companies with an orange or red flag for child labour as assessed by Morgan Stanley Capital International (MSCI). Factors affecting this evaluation include, but are not limited to, a history of involvement in child labour-related legal cases, widespread or egregious instances of child labour, resistance to improved practices, and criticism by NGOs and/or other third-party observers.

The Investment Manager must confirm that all direct investments comply with the ethical screens as contained in the Investment Policy. For Managed funds, the Investment Manager is required to have a look through to the underlying holdings (for Funds that provide this level of data) to ensure the ongoing ethical compliance of their underlying holdings. The Investment Manager will provide an annual written statement confirming that these ethical exclusions have been complied with in December each year.

Article IV. Asset Allocation Strategy

The following factors are to be considered when determining the asset allocation strategy:

- The time horizon for each pool of capital;
- The investment objectives of each pool of capital;
- The benefits of holding investments which provide access to franked income;
- The need for sufficient capital preservation requirements;
- The need for sufficient liquidity to meet the distribution and operational requirements;
- The need for diversification to avoid over-exposure to individual issuers, sectors or instruments.
- The potential impact of inflation, requiring an exposure to growth assets in order to maintain and grow the real capital value of the portfolio over the long term; and
- The utilisation of strategic asset allocation bands and tactical asset allocation to provide for flexibility as the investment environment changes.

Investment Portfolio's and Capping Policy

The appropriateness of the Portfolio's will be formally assessed at least once a year and kept under constant review to reflect any fundamental changes in the investment environment and changes to the Portfolio's investment policy.

The preferred level of investment (at market value) should be up to 12 months, of total operating expenditure, as budgeted for the ensuing year, with a corresponding minimum of 6 months. This benchmark against operational expenditure is set each calendar year, upon board approval of the ensuring year's budget and then moves to be measured against forecasted operational expenditure rather than budgeted expenditure.

This benchmark will be reviewed monthly by management and reported to the A&C Committee bimonthly or immediately if the investment levels fall to 6 months A decrease in the market value of the portfolio to 6 months of operational expenditure for the ensuring year will prompt the budget contingency plan to be activated to bring the investment portfolio back to its preferred benchmarks within a period of 6 months. A decrease to below 5 months will prompt the CEO to table an emergency plan for board review and approval.

In the event that the market value of the portfolio exceeds 12 months of operational expenditure, the Audit & Compliance Committee shall have the discretion to either increase the preferred level or to develop a plan to bring the investment portfolio back to its existing benchmarks within a period of 12 months.

Working Capital Portfolio

The primary objective of the Working Capital Portfolio is to ensure liquidity to help manage the timing of cash flows and meet operational funding needs if and when required.

The Working Capital Portfolio shall be invested conservatively to cover current budgeted expenditure and any medium term operational deficits and/or strategic priorities.

The investment return objective for this pool is to achieve a minimum long term total return (income and capital growth) of Consumer Price Index (CPI) All Groups + 2% over a rolling 5 year period after fees.

The strategy adopted must be set with a risk objective of limiting the probability of a negative return on the total portfolio to 1 year in every 5 years. This equates to a 68% probability that the range of returns will be between -1.8% and 9.5%.

The Strategic Asset Allocation (SAA) benchmarks and Tactical Asset Allocation (TAA) ranges for the Working Capital Portfolio is as follows:

Asset Class	SAA Benchmark	TAA Ranges
Defensive Assets		
Cash	5%	0% to 100%
–Government Bonds	3%	0% to 50%
Credit	37%	0% to 50%
Growth Assets		
–Real Assets	11%	0% to 15%
Uncorrelated Strategies	7%	0% to 15%
Equities - Domestic	18%	0% to 35%
Equities - International	19%	0% to 30%
Total	**100%**	

Long Term Portfolio

The primary objective of the Long Term Portfolio is to produce capital growth and income to grow the underlying capital base of the Portfolio over the long term so that Camp Quality is better resourced to achieve its mission. The Long Term Portfolio will generate sufficient returns to provide organisational stability.

The investment return objective for this pool is to achieve a minimum long term total return (income and capital growth) of Consumer Price Index (CPI) All Groups + 3.5% over a rolling 5 year period after fees.

The strategy adopted must be set with a risk objective of limiting the probability of a negative return on the total portfolio to 1 year in every 4 years. This equates to a 68% probability that the range of returns will be between -2.3% and 11.3%.

The Strategic Asset Allocation (SAA) benchmarks and Tactical Asset Allocation (TAA) ranges for the Long Term Portfolio is:

Asset Class	SAA Benchmark	TAA Ranges
Defensive Assets		
Cash	3%	0% to 100%
–Government Bonds	0%	0% to 50%
Credit	26%	0% to 50%
Growth Assets		
–Real Assets	11%	0% to 15%
Uncorrelated Strategies	7%	0% to 15%
Equities - Domestic	25%	0% to 40%
Equities - International	28%	0% to 35%
Total	**100%**	

%.

Article V. Allowable Investments & Restrictions

Only investments in the following investment holdings are permitted:

Cash:

- Cash deposits, Cash Management Trusts/investments backed by Australian licensed and regulated banks and deposit taking institutions
- Term deposits
- Exchange Traded Funds

Government Bonds:

- Direct Government & Semi-Government bonds
- Managed funds that are predominantly invested in these assets
- Exchange Traded Funds

Credit:

- Corporate securities and direct securities within this class
- Direct Hybrid Capital issues
- Private Debt
    - Comprises forms of debt financing, not available on a public exchange, originating mainly from institutional (non-Bank) investors such as fund managers and insurance companies. Segments can include Direct Lending, Mezzanine, Distressed Debt, Special Situations, and Venture Debt.
    - Allocation to private credit is only permissible where the underlying fund has a high degree of diversification and has been researched and approved by the Manager.
- Absolute Return
- Managed funds that are predominantly invested in these assets
- Social and Environmental Bonds – Social Impact Bonds, Green Bonds, Gender and/or Social Development Goal Bonds
- Exchange Traded Funds

Real Assets:

- Directly held property
- Listed Real Estate Investment Trusts (REITs)
- Listed Global Real Estate Investment Trusts (GREITs)
- Property Trusts
- Infrastructure
    - Physical assets that have an intrinsic worth due to their substance and properties. Within Real Assets, the Manager focuses primarily on Infrastructure (primarily utilities, energy, transportation and communications), and Real Estate.
- Renewables and Natural Resources
- Managed funds that are predominantly invested in these assets
- Exchange Traded Funds
- Socially Responsible Investments

Equities:

- Direct Equities
- Listed Investment Companies
- Private Equity / Venture Capital
  - Consists of capital not listed on a public exchange, including investing in the equity of private companies. Segments can include Buyout, Growth, Start Up/Venture Capital (VC), and Secondaries which reflect the lifecycle stage of the target investment and structure of the investments.
  - Allocation to Private Equity is only permissible where the underlying fund has a high degree of diversification and has been researched and approved by the Manager.
- Equity Long Short
- Managed funds that are predominantly invested in these assets
- Exchange Traded Funds
- Socially Responsible Investments

Uncorrelated Strategies: any investment that demonstrates clear uncorrelated characteristics such as:

- Market Neutral strategies
- Global Macro strategies
- FX
- Commodities
- Managed funds that are predominantly invested in these assets
- Exchange Traded Funds

Investment Restrictions

The following investment restrictions apply:

- No investments in fixed income instruments rated where the issuer rating is below investment grade (currently BBB-) .
- No direct investment in assets which involve lending arrangements, repurchase agreements or leverage (including warrants, options or other derivatives)
- No more than 25% in any one industry with the exception of Financials and Diversified Financials where the limit is 35%.
- No more than 10% of total portfolio in any one issuer
- No more than 10% of total portfolio in any one stock
- No more than 20% of a given Pool in any one managed product or ETF, except in the case of Private Credit, no more than 10% of the total allocation to Credit; and
- No more than 25% in Private Equity as a proportion of the total Equity allocation.

Article VI. Risk Tolerance

Camp Quality recognises and acknowledges that some risk may be assumed in order to achieve its long-term investment objectives and that there are uncertainties and complexities associated with investment markets. The overarching long-term risk tolerance strategy is:

"To maintain the security of the original capital, adjusted for annual inflation, and to achieve specific returns approved by the Audit & Compliance Committee following review of market conditions and CQ's investment portfolio every quarter".

In seeking to maximise returns the Board is mindful of the inherent risks. Those risks are considered because they offer a reasonable expectation of compensation in the form of returns above the risk free rate (excess returns) over the time horizon of the Fund.

Risks accepted in order to pursue the investment objective fall into the following categories:

Liquidity Risk

The Board also recognises that there is a premium to be earned on investments that are less liquid than others, such as term deposits or unlisted property trusts rather than cash, and that this premium can be measured in the search for additional investment returns. The extra return earned should compensate for the illiquidity risk.

The Audit & Compliance Committee recognises that short term risks may arise from the potential of the Fund to experience a shortfall in the income required to meet the expected cash outflows from the Fund. To offset this, the Fund should:

- maintain sufficient liquidity. In this regard a Medium Term Portfolio has been established with an initial corpus of $4 Mio.
- take into account the expected cash flows and costs.

Credit Risk

Credit risk (or counterparty risk) is the risk of default by the counterparty on its contractual obligations. At the Fund level, a framework exists to ensure that risk exposures remain within approved exposure limits based on the credit ratings of financial instruments and counterparties. Appointed managers of investments are required to ensure:

- the average credit quality within the manager's portfolio is within agreed policy guidelines;
- the exposure to different tiers of credit (including unrated debt) are within agreed policy guidelines; and
- the maximum permitted exposure to any one issuer is within agreed policy guidelines.

Market Risk

The Fund holds exposure to a wide range of assets which the Board expects will produce returns divergent from and superior to the risk-free rate over the long term.

Principal exposures include:

- broad equity market risk, both globally and in Australia;
- broad debt market risk, including interest rate duration, credit spread duration, credit quality migration and default risks;
- currency exposure, including risks of movement in the value of both the Australian dollar and the foreign currencies held;
- non-uniform performance within broad asset markets (e.g. divergence in returns by sector, geographic region, growth vs. value styles, and large vs. small stocks); and
- return uncertainties within the property and private markets.

Manager Risk

The requirements on the Fund's external Fund Managers to deliver superior returns also entail some risks. In particular, appointed managers may exceed or fall short of the objectives set for them by the Board. Manager risk is managed by the investment manager having establish processes to ensure:

- careful selection and monitoring of managers to ensure there is sufficient confidence that each manager warrants the allocation of active risk to them; and
- monitoring the composition of the portfolios of active managers to ensure that there are no unintended biases away from the intended investment strategy.

Operational Risk

This is general operational risk that may involve an economic loss or reputation risk. It includes fraud, theft, unauthorised use of financial instruments and other breaches of delegated authority. This also includes loss due to poor transaction documentation, inadequate information systems or human error. To minimise this risk the Investment Manager will:

- keep proper accounts and records of the transactions and affairs;
- maintain an internal control framework that minimises potential the potential for and the potential loss arising from unrecorded or unauthorised transactions;
- place priority on the retention and recruitment of high quality staff; and
- ensure the availability and reliability of hardware and software systems.
- The investment manager should provide Camp Quality with confirmation of insurance coverage (including adequacy) on an annual basis in December.

Currency Risk

Investments in securities that are not denominated in Australian dollars carry the risk that movements in the value of the related currencies will impact adversely on the carrying value of the underlying investment.

Investments in non-Australian securities may be hedged to mitigate the impact of these currency movements.

A decision to invest in non-Australian securities may be a part of the approved investment strategy of the Board, and should be taken in tandem with a decision on currency hedging.

The Investment Manager is required to identify potential risks arising on new investments from a hedged or unhedged position, and to make recommendations on an appropriate hedging strategy.

Concentration Risk

In accordance with a prudent approach, asset class and fund manager diversification should be employed to reduce the overall risk of the portfolio and the likelihood of generating negative returns.

Asset class diversification is achieved by investing in a number of different asset classes with different risk/return characteristics.

Fund manager diversification is achieved by utilising a number of different fund managers within each asset class with different investment styles.

Implementation Risk

Implementation risk is a risk that the performance of your portfolio will differ from that of the corresponding Investment Managers performance.

This occurs due to factors such as differences in the buy and sell prices of investments, fees, movements of cash and securities into and out of the portfolio, including any income elections, any differences in weights of holdings due special instructions, ASX rules around non-marketable trade parcel size, any trading restrictions imposed by the Investment Adviser, or any unlisted or illiquid securities.

Article VII. INVESTMENT PERFORMANCE MONITORING

The principal goals of performance monitoring are to:

- assess whether the stated investment objectives of the Portfolio are being achieved;
- compare the performance of the Portfolio's appointed Investment Manager against the performance of other relevant professional managers and market indices;
- ascertain the existence of any particular weakness in the Investment Manager and work constructively with the Investment Manager to help correct any weakness identified; and
- allow the Audit & Compliance Committee to continually assess the ability of the Investment Manager to assist in successfully meeting the Portfolio's objectives.

A performance report for the Portfolios should be compiled and reviewed by the Investment Manager for the Audit & Risk Committee on a quarterly basis. The report should include:

- a review of the asset allocation strategy and its appropriateness in light of changing investment environments, which may lead to rebalancing or tactical tilts;
- performance of the Portfolio's against the investment return objective;
- performance for each Asset Class relative to benchmark indexes. The following benchmarks are to be utilised:

Asset Class	Benchmark
Cash	Bloomberg AusBond Bank Bill Index
Government Bonds	Bloomberg Barclays Global Aggregate Treasuries Total
Credit	Bloomberg Barclays Global Aggregate – Credit Return Total
–Real Assets	50% FTSE/NAREIT Global Index Total Return (Property), AUD; and 50% FTSE Developed Core Infrastructure 50/50 Total Return Index, AUD
Equities – Domestic	S&P/ASX 200
Equities – International	MSCI ACWI Index
Uncorrelated Strategies	Aus CPI +3%

- quarterly, yearly and since invested performance returns within each asset class and individual investments relative to benchmark indexes;
- the Investment Manager will provide bi monthly update information and formally address the Audit & Compliance Committee at least twice per year (or as requested)
- the Investment Manager will be expected to report to the Audit & Compliance Committee any major shifts in investment strategy which may be implemented, or significant change in the management structure or other characteristic of the investment portfolio as soon as is practicable.
- a review of any fund managers, investments and the risk profile of the portfolio;

Appointment of the Investment Manager

- The Investment Manager's performance will be monitored quarterly with a view to an annual evaluation over a rolling three years and then longer-term results.

- The performance of the Investment Manager is to be reviewed on an annual basis. In assessing the Investment Manager's performance, consideration will be given to the following:
  - investment style;
  - responsiveness;
  - communication;
  - proactive approach to investment opportunities;
  - value adding customer service;
  - flexible, accurate and timely reporting; and
  - investment performance
- Professional consulting advice will be sought from time to time in respect of any adjustment to the investment policy, the continued suitability of the externally appointed Investment Manager and the adequacy of the returns achieved by the Portfolio.

Discretionary Authority

The appointed Investment Manager is delegated discretionary authority to deal in securities and make investment selections that are in accordance with this Investment Policy Statement, inclusive of the Strategic Asset Allocation and allowable ranges. The parameters that the Investment Manager is permitted to act within are contained within the Investment Guidelines).

Breaches of Investment Policy

Where the Investment Manager is in material breach of the terms of the Investment Policy, the A&C may conduct a review of the causes of the breach. Depending on the finding of this review the A&C may, acting reasonably, terminate the engagement of the Investment Manager outside of the formal review cycle.

With regards to Ethical Investments and the defined exclusions, when evaluating Managed Investments, the Investment Adviser will take a best endeavours approach to ensure that there is no individual exposure of more than 10% to each of these excluded industries.

The Investment Manager will provide reporting on a monthly basis where it will review and identify and disclose any breaches of this policy and the materiality of the breach to the A&C. A material subsisting breach outside of the agreed allowable ranges which has not been rectified within 10 business days must be reported to the A&C within 10 business days of the breach being identified.

Article VIII. FINANCIAL MODELLING

The Asset Allocation proposed was based on financial modelling assumptions and forecasts presented below.

Source: JBW Asset Insight – August 2021

Assumptions

	Forecast Return		Income +	
Asset Class	**Income**	**Growth**	**Franking**	**Growth**
Defensive Assets				
Cash	0.1%	0.0%	0.1%	0.0%
Government Bonds	0.7%	0.0%	0.7%	0.0%
Credit	1.4%	0.4%	1.4%	0.4%
- Higher yielding credit*	2.8%	0.0%	2.8%	0.0%
Growth Assets				
Real Assets	3.1%	2.3%	3.1%	2.3%
Equity - Domestic	5.1%	0.9%	5.1%	0.9%
Equity - International	1.9%	4.1%	1.9%	4.1%
Uncorrelated Strategies	0.0%	2.7%	0.0%	2.7%
Working Capital	**2.17%**	**1.69%**	**2.17%**	**1.69%**
Long Term	**2.51%**	**2.16%**	**2.51%**	**2.16%**

Assumption: 70% Franking for Australian Equities
Tax Rate: 30%

Source: JBW Investment Strategy. All Forecasts are based on the JBW Investment Strategy long term forecasts for the underlying asset classes.

Risk Return Comparison

Working Capital with Forecast Data

		Asset Class		Portfolio Contribution	
Asset Allocation	**Weight**	**Return**	**Risk**	**Return**	**Risk**
Defensive Assets	**45%**			**0.70%**	**1.04%**
Cash	5%	0.1%	0.3%	0.0%	0.0%
Government Bonds	3%	0.7%	2.9%	0.0%	0.0%
Credit	37%	1.8%	4.1%	0.7%	1.0%
- Higher yielding credit*	0%	2.8%	7.6%	0.0%	0.0%
Growth Assets	**55%**			**3.11%**	**4.62%**
Real Assets	11%	5.4%	10.1%	0.6%	0.9%
Equity - Domestic	18%	6.0%	13.4%	1.1%	2.1%
Equity - International	19%	6.0%	10.6%	1.1%	1.6%
Uncorrelated Strategies	7%	2.7%	8.3%	0.2%	0.1%
Total	**100%**			**3.86%**	**5.7%**

Source: JBW Investment Strategy. All Forecasts are based on the JBW Investment Strategy long term forecasts for the underlying asset classes.

Long Term with Forecast Data

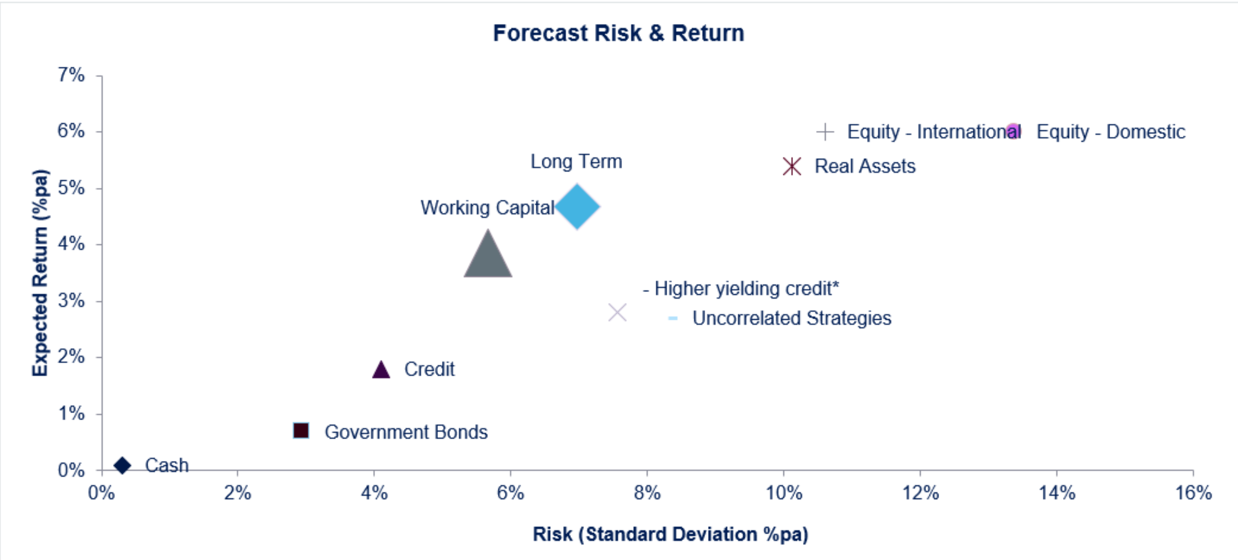
Asset Allocation	Weight	Asset Class Return	Asset Class Risk	Portfolio Contribution Return	Portfolio Contribution Risk
Defensive Assets	**29%**			**0.47%**	**0.61%**
Cash	3%	0.1%	0.3%	0.0%	0.0%
Government Bonds	0%	0.7%	2.9%	0.0%	0.0%
Credit	26%	1.8%	4.1%	0.5%	0.6%
- Higher yielding credit*	0%	2.8%	7.6%	0.0%	0.0%
Growth Assets	**71%**			**4.16%**	**6.36%**
Real Assets	11%	5.4%	10.1%	0.6%	0.9%
Equity - Domestic	25%	6.0%	13.4%	1.5%	3.0%
Equity - International	28%	6.0%	10.6%	1.7%	2.5%
Uncorrelated Strategies	7%	2.7%	8.3%	0.2%	0.0%
Total	**100%**			**4.68%**	**7.0%**

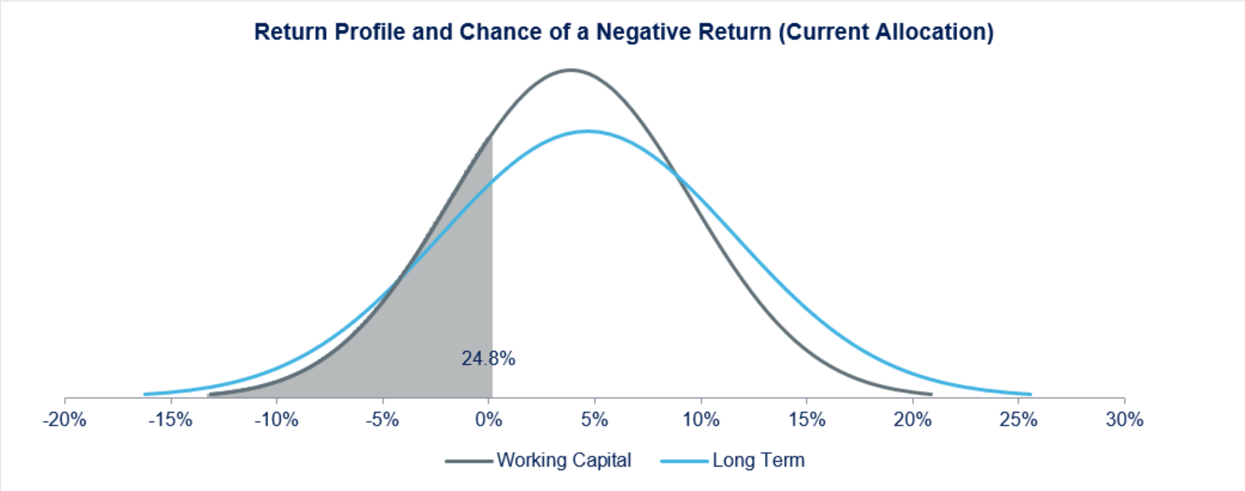
Source: JBW Investment Strategy. All Forecasts are based on the JBW Investment Strategy long term forecasts for the underlying asset classes.

Return Analysis

Expected Results	Working Capital	Long Term
Expected return (%pa)	3.9%	4.7%
Standard Deviation (%pa)	5.7%	7.0%
Sharpe Ratio	0.68	0.67
Yield (including franking, where available) (%pa)	2.2%	2.5%
Chance of a Negative Return (in any 1 year)	24.8% (1 in 5 Years)	25.1% (1 in 4 Years)
Range of Returns (68% probability)	-1.8% to 9.5%	-2.3% to 11.6%
Range of Returns (95% probability)	-7.2% to 14.9%	-9.0% to 18.3%

Source: JBW Investment Strategy. All Forecasts are based on the JBW Investment Strategy long term forecasts for the underlying asset classes.





Source: JBW Investment Strategy. All Forecasts are based on the JBW Investment Strategy long term forecasts for the underlying asset classes.