INVESTMENT COMMITTEE

Public Minutes

This paper presents the unconfirmed minutes of the last meeting of the Investment Committee held on 25 February 2026 in person and via Microsoft Teams.
Action Required
The Investment Committee is asked to **approve** these unconfirmed minutes as a correct record of the meeting. The Committee **approved** the minutes (INV-2025-04-CM) and (INV-2025-04-PM) of the November 2025 Investment Committee meeting subject to some grammatical corrections. The Committee **noted** the Treasury Business and Performance report. The treasury team to follow up Committee questions regarding fund manager vendor management. The Committee **noted** the presentation from Troy and **agreed** that the ESG policies were aligned with the University's Ethical Investment Policy and Responsible Investment Framework.
Present
Mr R McCracken (Chair), Mr P Traynor (CFO), Mr P Robert-Tissot, Mr P Anand, Miss K Smith, Miss K Roberts, Mr A Kolapo (Student Member of Council)
In Attendance
Mr J Brimley (Secretary), Mr M Adigun (Notetaker) via Teams
Apologies

1 MINUTES & MATTERS ARISING (A2 & A3) INV-2025-04-CM & INV-2025-04-PM

1.1 The Committee approved both the public and confidential minutes of the previous meeting subject to correction of some grammatical issues.

OPEN ACTIONS FROM PREVIOUS MEETINGS (A4)

1.2 The treasury team provided an update on the combination of the Ethical Investment Policy, Responsible Investment Framework and the Long-Term Investment and Treasury Management Policy. A combined policy has now been produced; however, the treasury team are proposing several changes to the policy including changes to the liquidity level and portfolio structure. These changes mean that it needs to go through a more thorough internal review.

1.3 The CFO added that once it has been reviewed the policy would be shared with members as soon as possible to give them more time to review and feed back in advance of the next meeting. The Committee asked about future review expectations and whether they would be periodic or ad hoc? The treasury team answered that it would be both. The policy needs periodic reviews to ensure it stays relevant but, there are things in the appendices, like counterparty credit limits, that might need updating more regularly to reflect changing operational necessity. It has been split into a high level policy and appendices to allow it to be updated for operational changes without having to send the whole document for Committee approval each time.

CHAIRS REPORT (A5)

1.4 The CFO gave a progress update on the new strategy and the emerging priorities. He had participated in some of the consultation sessions and thought that there was good engagement from staff in the first round of the strategy. Following this first round of feedback there will be some refinement, but the strategy covers areas like growth, efficiency and increasing academic attainment and reach. The new strategy is due to be finalised June/July following a second round of consultation which is running from the middle of March until the end of April.

1.5 The Committee asked whether the review of the strategy altered the financial picture especially around cash and investments? The CFO responded that he didn't see that it would. The University doesn't have the reserves that it did at the last strategy review. Therefore, it must generate the cash to invest in the new strategy and this is the view that he has expressed to fellow VCE members. How much this would be, was a question that he was working out as part of the budget setting process, but he thought it would be c£10m per annum. He added that the Vice Chancellor was not just interested in this developmental budget but wanted to understand how the University spent the core of its budget. He welcomed this focus and hoped that it would help accelerate the change the University needs.

1.6 Looking forward Finance are projecting that this will be the first year in which the University achieves an operating surplus since most Committee Members had joined. We are still expending cash, estimated at £8m - £9m this year, but it is anticipated this will stop in the next couple of years.

1.7 He then updated the Committee on the 2025-26 student recruitment numbers. The success of the October registration had continued and February 2026 had been more successful than forecast and was looking to exceed the prior year. This is good but the real test is going to be how registration numbers perform for October 2026. If these hold up, it is a good indication that the decline in student numbers has steadied. With the remaining saving plans and a new strategy this is a stronger base to start future planning.

2 TREASURY BUSINESS AND PERFORMANCE REPORT (B1) INV-2026-01-01

2.1 The treasury team gave a brief update on the cash position. At the end of January 26 cash was £14.5m higher than budget. This is mainly due to lower than forecast invoiced expenditure with particularly large variances occurring in August and September 25.

2.2 The Committee then asked about the risk of the University cash balance breaching the £90m limit? The treasury team confirmed that it was highly unlikely it would breach the limit. This was due to higher student numbers, which has increased cash c£4m at this point, and lower than expected expenditure. They added that they expected the lowest point in the year to be between £95m and £100m.

2.3 The treasury team then fed back on the exercise to contact all the fund managers regarding business continuity and vendor management. Each of the funds had provided a policy, that set out how it managed its vendors. The treasury team had concluded that the documents aligned with what they expected from their time work at a bank. The Committee discussed the security element within the policies using as an example, could a cyber-attack at a custodian lock us out of our accounts? This raised a series of questions, around what would a fund manager or custodian do if it suffered a cyber-attack? How are they managing and monitoring these risks? Have they got a plan, and do they provide assurances on how they would respond? The Committee requested the treasury team to investigate further. As required it should get the support of the OU's IT Security, Vendor Management and Procurement teams.

3 PERFORMANCE UPDATE ON THE UNIVERSITY'S LONG TERM FUND (B2) INV-2026-01-02

3.1 The Troy Asset Management team joined the meeting and delivered their presentation to the Committee.

3.2 The Troy team started by reiterating the funds' purpose which is to minimise volatility and drawdown whilst preserving the capital value in real terms. This means that when there is significant market movement the fund will not move as much, this minimises drawdowns on one side, but it reduces increases on the other. This is shown by the fund value falling 2.7% on 'liberation day' compared to a general market fall of 12.8%, the other side of that is since investment the fund is up c33% compared to a wider market increase of c77%.

3.3 Troy then discussed the macro economic environment including tariffs and their impact on the global economy. They believe the impact is yet to be felt but there was a general market drop on 'liberation day' which they used to increase equity exposure.

3.4 On the funds equity exposure Troy acknowledged that, in hindsight, they had been too cautious over the last few years. The Committee asked what oversight Troy had in place and whether they ask themselves hard questions like this regarding their approach? Troy responded that they do ask themselves tough questions which helps to shape its approach. What they have realised as part of this process is that to run consistent high single digit returns the fund needs to average around 40% - 55% equity. However, while markets have been expensive they have held off correcting this as buying at too higher price will also reduce fund returns.

3.5 Then Troy went on to talk about other equity issues. Valuations are generally expensive but there are companies that they like that are below their 10 year average, there are even whole sectors, like retail, that are technically in a bear market.

3.6 Some of this is driven by markets not knowing how the AI boom will play out. This has seen data companies like Experian and RELX be exposed to large negative movements due to concerns about AI replacing them, however Troy believe that these companies have a lot of proprietary data that is not easy to replicate and this will as a barrier to entry for general AI.

3.7 They went on to talk about the wider implications of AI across the market including discussing the latest AI models, whether there is going to be a winner or whether there will be a mixture of possible tools and whether the current models are good enough. Given the uncertainty they are being very selective how they approach this and their equity investments.

3.8 The Troy team then moved on to talk about the other assets the fund invests in. They discussed bonds, where they believe there is a general de-dollarisation theme playing out in the market. This is caused by concerns about the size of US debt to GDP and it being seen less as the global reserve currency following US seizure of Russian assets. They then moved on to discuss gold where they see continued central bank buying as part of the de-dollarisation theme. Although there has been some recent volatility, they see that there will be continued upward pressure with central banks moving more of their currency reserves from US government debt into physical gold which can't be seized.

3.9 The Committee asked has de-dollarisation changed Troy's view on US equities? No, they believe that the US is still one of the best places to do business, it has an enormous domestic market and can attract global talent. Like all investment decisions it is about identifying businesses Troy like that offer growth at a good value.

3.10 Something that is impacting their opinion more is tariffs. Before the announcement of all the tariffs, they had been starting to worry about their total USD exposure. For a long time it has acted as a natural hedge to US equity market movements but this relationship has been wavering. The noise on tariffs, and concerns about the US government's ability to pay its debts added to the concern about having such a high USD exposure. Because of these concerns they used the period around liberation day to hedge out most of their USD exposure and it is now less than 10% having been around 40%.

3.11 They went on to discuss the options for other assets that can offer a non-correlated return as a kind of natural hedge for the portfolio. Ultimately, they believe that the case is strongest for the Japanese Yen which is historically cheap and well positioned to appreciate.

3.12 The Committee asked whether they are seeing more companies abandoning their ESG and Net Zero targets? Troy responded that they are seeing companies de-emphasising them but they aren't walking away from them.

3.13 The Committee thanked Troy and they left the meeting.

Future Meeting Dates
Wednesday 20 May 2026 @ 10.00 to 13.00 (online) Tuesday 15 July 2026 @ 10:00 to 13.00 (online) Thursday 12 November 2026 @ 10.00 (online) Thursday 25 February 2027 @ 10.00 (online) Tuesday 18 May 2027 @ 10.00 (online) Thursday 15 July 2027 @ 10.00 (online)