Investment regulations for Lund University’s donations for specific purposes

From its inception, Lund University has managed donated funds primarily intended for research and education at the University in accordance with the terms specified by the donors. The regulations are drawn up in accordance with Section 12 of the Donations Ordinance.

The investment regulations concern overarching aims and rules for how the management of the University’s donated capital is to be carried out.

1. Scope of the investment regulations

These regulations cover all of the University’s donated funds in accordance with the Donation Ordinance (1998:140). Foundations jointly managed with the University are not covered by these regulations. Specific rules may apply to individual donations.

2. Objectives

In accordance with the Swedish Donations Ordinance, the donation is to be administered in a manner that is appropriate with respect to the purpose of the donation.

3. Investment rules

3.1 Evaluation

All of the restrictions provided in the investment regulations relate to the market value of the assets, i.e. their value in relation to the current price, exchange and interest rates at each point in time.

3.2 Asset balance
At all times, the total assets in the donation portfolios are to be allocated according to the following:

Interest-bearing securities/funds including liquidity,
- normal weighting 70 %, max 90 %, min 50 %.

Shares/unit trusts (see 3.3)
- normal weighting 30 %, max 50 %, min 10 %.

Donations with specific donation regulations are exempt from the aforementioned asset balance.

3.2.1 Individual exposure

Shares issued by an individual company or a company in the same group are permitted to amount up to a maximum of 5 per cent of the invested value. In addition, a holding is not to exceed 5 per cent of the number of votes per share for all shares in the same company.

3.2.2 Specific investment guidelines

An acceptable investment includes the following. The investment of donated funds is, as far as possible, to follow the guidelines reflected in the Global Compact and OECD’s guidelines for multinational companies and ILO. The point of departure is that the investments are made in securities in companies that respect these principles in the areas of human rights, labour law, environment and corruption, irrespective of where in the world they operate.

Equity funds are not to invest in activities where the extraction of coal, oil and gas comprises more than 10 per cent of the total turnover or profits (depending on the equity fund’s rules and regulations). Neither is there to be investment in service companies in the oil sector or in energy companies using coal and oil if the turnover or profits within these areas of activity exceed 50 per cent.

3.3 Shares

Investments may only take place in the following:

- shares registered on a Swedish stock exchange
- common funds containing shares, in accordance with the Investment Funds Act (2004:46)

3.4 Interest-bearing investments

Investments may only take place in the following:

- Swedish treasury bonds and treasury bills
- common funds containing interest-bearing securities, according to the Investment Funds Act (2004:46)
- the University’s interest account or other account in the National Debt Office

4. Allocation of responsibilities and organisation

4.1 Allocation of responsibilities

Lund University makes use of the existing organisation that manages Lund University’s jointly managed foundations to manage the donations and grants obtained in accordance with the Donations Ordinance (1998:140).

University Board
- ultimate responsibility for donation management
- appoints and delegates the management of donations to the Donation Board
- approves investment regulations

Donation Board
- takes decisions on general matters concerning the direction of the activities
- takes decisions on managers
- submits proposals for investment regulations
- approves instructions that outline the allocation of responsibilities between the Donation Board, the university director and the Endowment Administration office
- approves the approval and delegation rules for the ongoing activities

University Director
- responsible for the ongoing administration with the support of the Endowment Administration office

Endowment administration
- carries out investments within the framework of the investment regulations
- compiles documentation for follow-up of performance

5. External management duties

The Donation Board decides on management duties in accordance with the investment regulations. The managers are to be under the supervision of the Swedish Financial Supervisory Authority or equivalent authority abroad. Management duties that include ongoing decisions on investments taken by the manager, so-called discretionary investment management, are acceptable. The managers’ ability to achieve a positive return on investment at an acceptable risk as well as compliance with the investment regulations are to be regularly evaluated.