

Five Key Values

1. Legacy

- The SMF aims to create a legacy in various ways:
 - Provide funding for philanthropic activities on an ongoing basis
 - Foster perceptions of ANU as a world class university
 - Educate students, who hopefully will move onto successful careers
 - Build a pool of connected alumni who may want to give back in the future ('virtuous loop')
- All team members are expected to contribute to the legacy, and will be evaluated on it (see point 3).

2. Team

- The SMF operates as a single team, comprised of sub-teams and team members.
- Team members should leave the fund with appreciation of all SMF operations; not just with a detailed knowledge of their own area.
- In practice, this means:
 - Overall fund outcomes matter more than the performance of one portfolio segment
 - Collaboration and sharing
 - Engagement by all in team discussions
 - Contesting ideas and making suggestions ... with respect

3. Contribution

- All team members are expected to contribute to both the legacy and team efforts.
- Contribution is the primary consideration for evaluation. For instance, evaluation may consider:
 - Training provided by senior team member to junior team members
 - Supporting other team members or SMF activities
 - Building on the investment process or documentation
 - Quality of work performed, or new insights added
 - Enhancing the profile of the fund
 - Handing over a sound portfolio to the next cohort
- Contribution towards long-term objectives is primary. Performance during tenure is secondary.

4. Objectives

- All actions should be directed towards the objectives. Objectives are the start and end point.
- The *Charter and Governance Structure* sets out 3 objectives, which can be summarised as:
 - (A) *Learning objectives*: Students should build: (i) capability to manage money in pursuit of objectives; (ii) understanding of fund management; (iii) capacity to communicate and advocate recommendations; (iv) ability to operate in a team environment.
 - (B) *Investment objective*: Maximise the long-term trade-off between the expected value of funds invested, against the risk of sustained reduction in the real value. This implies generating a return at least equal to the sum of distribution rate and the inflation rate.
 - (C) *Developmental objectives*: Build engagement between ANU, its alumni, and industry; also attract additional donations to the SMF, if possible.

5. Long-term

- The SMF is a long-term fund. Its aim is to maintain (or increase) the real value of funds invested over the long term, thus supporting its philanthropic activities in perpetuity.
- Long-term investing may be described as a frame of mind that entails concern only with long-term outcomes. It is not a specific horizon measured in years.
- Investment risk relates to permanent loss of value. Whether an investment will deliver its expected cash flows over the long run is a primary consideration in evaluating risk.