

POLICY ON CAPITAL INVESTMENT LIQUIDITY MANAGEMENT POLICY

Approved by: The Board of Afrikagrupperna

Adoption date: September 2023

Responsible: Secretary General

The purpose of Afrikagrupperna's Capital Investment and Liquidity Management Policy is to improve Afrikagrupperna's liquidity in both the short and long term and to strive for a good return on equity. The goal for long term financial management is to create a real return on investment of three percent (+3%) per year with limited risk levels.

The requirements for Afrikagrupperna investments are as follows:

Financial investments should be made with due consideration of ethical behaviour. The risk profile must also be low to middling (a risk level of maximum 5 on a scale of 1-7).

Funding from Sida should be deposited in a separate bank account. In accordance with our agreement with Sida, a requisition of Sida funding (long-term agreements) must be deposited into the bank account.

Withdrawals from the separate "Sida bank account" will be made on a continuous basis, as the need occurs using two authorised signatories. For partner distributions and project distributions, a requisition must be made in advance by email from the Controller, which needs approval from the IPM (International Programme Manager) before it is withdrawn from the bank account.

Afrikagrupperna's own equity can be invested in many ways depending on the desired and available time period as well as accepted risk level. Afrikagrupperna has chosen to use the same risk levels (1-7) that most Swedish banks and financial institutions use.

The primary choice of financial instruments should be Plusgiro, bank accounts, different forms of special deposits, bonds, treasury bills, share trusts, interest funds, and any combinations, such as equity funds.

Investments should be distributed over time so that they mature at different time periods in order to reduce interest risks and secure liquidity. For investments in derivatives other than currency hedging (i.e. options, warrants, futures and forwards), the Board's special approval is needed.

Donations not made in cash, i.e. shares, securities or properties should, as a rule, be sold as soon as Afrikagrupperna has become the owner of such assets. If there is a good reason for not doing so, then a decision must be made by the Board that states the reason for keeping the securities etc.

The ongoing daily management of investments can be delegated to one or two external trustees. In this case, Afrikagrupperna is responsible for handling external management in accordance with its current criteria. A securities institute (värdepappersinstitut) can be used as a trustee if it has been approved by the Swedish Financial Supervisory Authority (Finansinspektionen) according to the law (2007:528).

An external trustee must report to Afrikagrupperna by 10 days after the month end at the latest with information on the investment portfolio's:

- Market and purchase values
- Return on investment for the month, the current year and from the start of the portfolio
- Costs that are related to the management, accumulated for the year.

An investment portfolio is a collection of financial investments with different types of return and risk. An effectively composed portfolio will create a lower risk than the added individual risks of the securities it contains.

Afrikagrupperna’s portfolio should be composed by external management as follows:

Allocation of assets:

The allocation of assets is expressed as a normal portfolio, which mirrors Afrikagrupperna’s strategy of capital investments. This is the composition that is demanded in order to achieve the return on investment expected over time.

In the management of investments, assets must be allocated as follows:

ALLOCATION OF ASSETS:

	Min (%)		Normal (%)	Max (%)
Alternative investments			0	10
Shares	35	50	65	
Interest-bearing securities			35	50

Liquid funds should be invested so that there is enough money to pay for daily operating activities and be placed in an account, for example at Plusgiro or other bank accounts. Liquid funds also include investments in low risk ranked funds (risk level 1-2 is low risk), i.e. interest funds or equity funds, where the proceeds after sale are available within two working days.

The Finance Manager is responsible for making sure that there are enough funds to pay for daily operating activities.

Long-term capital investments should be made with the remaining equity that exceeds the amount needed for daily operations. Investments should be managed based on low to moderate risk and taking ethics into consideration. Our preference is for investments in special deposits with fixed interest rates and different end dates offered by the banks, or in bonds against various counterparties for risk diversification.

Buying shares in funds (fonder) is permitted, provided that the funds have been established within EES according to the EU's UCITS directive. Investment in Swedish special funds is also permitted as long as the placement orientation of everything substantially corresponds to the criteria in this policy.

If investments are made in equity funds or equity index funds; the maximum total investment is limited to 50% of Afrikagrupperna's own equity (purchase price of the investment) according to latest annual report. Currently Afrikagrupperna's own equity is about 24,334 Tkr (according to our 2022 annual accounts). Investments in equity or equity index funds of more than 50% must be approved by the Board.

Investments must not be made in any type of funds that have a higher risk level than "level 5" (risk level 3-5 is considered a moderate risk according to Nordea Bank). The total portfolio should be invested more broadly, both in industries and geographical markets, for a better risk spread.

When managing its capital investments, Afrikagrupperna should aim to be a responsible investor. The companies that Afrikagrupperna invests in should have a good environmental record, reasonable social conditions and good ownership management. (For definitions see Appendix 1)

The companies that Afrikagrupperna invests in should act in accordance with the international conventions that Sweden has signed. (See Appendix 2 for specification) Investment should not be made in shares where at least 5% of the company's revenues come from alcohol, tobacco, pornography, or defence equipment. (See Appendix 3 for more details.)

Many financial institutions offer different forms of "ethical funds", which in many cases meet the criteria mentioned and they are often a first choice.

Leverage of the portfolio or investment in funds that are pledging underlying securities is not allowed unless approved by the Board.

If any investments in a specific share or equity fund raise any doubts, these doubts must be presented to the Board and the Board must make a decision on the future of these investments.

Afrikagrupperna's own equity can be used for strategic investments, investments and structural cost adjustments that will have a positive effect on results in the long term. Afrikagrupperna highlights capital assets management in its annual report in order for members and others interested to be able to assess our operations.

This policy refers to:

- Sustainability Policy
- Order of Delegation