FMP Annex 3

DHARMA GATE BUDDHIST COLLEGE

Investment Policy[172]

Approved by	Approved by
János Jelen On behalf of the College	László Mireisz on behalf of maintainer

[172] Adopted by the Senate with Resolution No. 45/2017 (12.14.) on December 14, 2017.

1. General provisions

According to this regulation, investment activity is defined as the College's acquisition of securities, fixed-term deposits, property rights, real estate, or other long-term investment assets or rights using its own funds.

Purpose of the Regulation:
Regulation of the College's investment activities.
The College may undertake any investment only to achieve the objectives set out in its Founding Document and Mission Statement, without jeopardizing them.
Investment decisions should prioritize generating returns for the College while ensuring that each investment aligns with and upholds its ethical values.

Returns from investments may only be used to support the objectives specified in the Founding Document.

The investment policy specifies the decision-making process for those exceptional cases where external funding is required to maintain liquidity—particularly borrowing, mortgaging property, and other financial obligations.

Other rights and obligations related to commitments are regulated in the Financial Management Policy and other College regulations.

2. Investment Principles

Asset security

The College's investments should aim to ensure that the assets to be invested are kept as secure as possible. When preparing an investment decision, a survey must be conducted that, in addition to assessing the potential profit, also evaluates the risks and the costs.
The identified risks must be ranked and evaluated according to their likelihood of occurrence. The security of the assets intended for investment is classified as follows:
- capital- and yield-guaranteed investment (– primarily in the case of financial investments); – capital-guaranteed investment (– primarily in the case of financial investments);
- protection of the invested capital guaranteed by other means (– through asset and similar insurance, etc.).

Investment return

For the College's investments, efforts should focus on achieving the highest possible return that can be attained with adequate security. To this end, before making an investment decision, market opportunities must be assessed and cost-effectiveness calculations must be carried out.

Investment decisions must take into account that higher returns are generally associated with higher risks.

It is the responsibility of the Rector and the Director of Finance to decide between the available investment options.

Investment liquidity

When preparing investment decisions, special attention must be paid to ensuring that the College and its institutions always have access to the financial resources necessary for their operation.
When preparing and making investment decisions, efforts should be made—within the limits of feasibility—to ensure that assets can be made available to cover unexpected needs as quickly as possible and with minimal cost or loss.

III. Rules governing specific types of investments and the decision-making process

The preparation of the College's investment decisions is the responsibility of the Director of Finance and their team, based on the guidelines provided by the maintaining Church and the College Council.

The Rector and the Director of Finance jointly decide on the investment of available funds on a semi-annual or annual basis. These decisions must align with the principles established in the budget plan and the asset utilization framework defined by the College Council and agreed upon in advance with the Church (Organizational and Operational Regulations 1.4.2.2.9).

The following are authorized to make investment decisions:

- For amounts up to 10 million HUF, the Director of Finance is authorized to make decisions independently.
- For amounts between 10 and 30 million HUF, the Rector and the Director of Finance are jointly authorized to make decisions.
- For amounts exceeding 30 million HUF, the College Council is authorized to make decisions with the prior agreement of the maintaining Church.

Preparation of the investment decision

The first step is to quantify the institution's available funds, using the cash flow statement and the goals outlined in its development strategy. This reveals how much funding is freely available at any given time and how much will be needed in the future.

The second step is to define the range of available investment opportunities and the extent to which they can be utilized. The investment plan outlines the amount and availability of free funds, as well as when and to what extent they will be needed.

The next step is to determine the range of investment instruments to be used.

The next phase involves assessing the potential return, the associated risk, the cost of using each instrument, and the possible loss in case of early withdrawal.

The following step in the preparation process is to create versions of the investment mix that most effectively support the College's objectives. The finalized proposal is submitted to the decision-makers for review and approval.

Scope of investment opportunities

The College may invest its available assets in the following instruments:

- long-term investments, with a commitment period longer than 3–5 years:
    - government bonds
    - investment fund units
    - purchase, sale, etc., of real estate
    - bonds
    - shares
    - purchase, sale of special property rights
    - establishment, operation, sale, purchase, etc., of business entities ;
- medium-term investments for a lock-in period of 1 to 3 years:
    - government bonds
    - corporate bonds
    - units of special investment funds
    - special property rights
- short-term investments (up to 1 year long-term investments):
    - government securities: treasury bills, etc.
    - term deposits on current accounts

The College Council may select investment forms different from these with the prior approval of the maintaining Church.

In the case of using an investment fund, the decision is prepared by the Economic Director and made by the College Council with the prior approval of the maintaining Church.

In the case of fixed-term deposits, the decision is prepared by the Economic Director and made by the College Council—with the prior approval of the maintaining Church.

In the case of establishing, operating, or purchasing a business entity, the decision is prepared by the College Council and made by the Senate

—with the prior approval of the maintaining Church.

In the case of purchasing, selling, or leasing real estate, the decision is prepared by the College Council and made by the Senate with the prior consent of the maintainer.

In the case of choosing other forms of investment, the decision is prepared by the College Council and made by the Senate, with the prior approval of the maintaining Church.

IV. Closing provisions

This regulation forms Annex 3 of the Financial Management Policy and enters into force upon the approval of the Senate and remains valid until withdrawn. Amendments shall be made in accordance with the rules applicable to the modification of the Financial Management Policy.

Prepared in Budapest on October 31,
2017. Effective as of 15 December
2017.
(Adopted by Senate Resolution 45/2017. (12.14.)

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