Instructions for SFS capital investment

The purpose of the document **Instructions for SFS capital investment** is to describe how Sweden's united student unions, SFS, (organisation number 802001-1303) should go about its overall financial management. The document is based on the **Policy for SFS activities** (O11-04/2223).

Ethical considerations and responsible investments

SFS must comply with ethical guidelines and actively operate as a responsible investor. "Responsible investor" means an investor that takes responsibility for the environment, society and corporate governance while also taking responsibility for the financial aspects of its investments. "Responsibility" means company ownership that respects current laws and regulations, applicable rules and international conventions. A responsible company also deals with risks relating to the environment, social responsibility and corporate governance and identifies and takes advantage of opportunities in these areas.

Financial management

SFS' financial position must form a satisfactory buffer against financial stresses or unforeseen events. SFS must ensure that it has satisfactory solvency in the form of cash and cash equivalents. The funds needed for regular payments must therefore be placed in accounts or similar investments with low risk and high liquidity.

SFS must manage its funds so as to meet the requirement for satisfactory returns and reasonable risk. "Satisfactory returns and reasonable risk" means an expected return of approximately 5% per annum measured over a period of at least 10 years and capital-protected to a significant degree over 10 years. The funds must also be managed in an ethically defensible manner in accordance with SFS' fundamental values. The investment horizon for the capital is a minimum of 10 years to enable it to withstand fluctuations over time.

Financial goals

SFS' long-term financial goals indicate the level of equity (according to the annual report) in relation to turnover. The long-term goal expresses SFS' long-term solvency, i.e. the ability to meet the obligations that SFS has undertaken. It is important for SFS to have its own satisfactory long-term solvency.

SFS

SFS' activities can be significantly affected at short notice by decisions made by external parties[1]. That means that it is important for SFS to have sufficient financial capacity to make adjustments to such decisions in an orderly manner. That involves being able to make adjustments to the personnel in a sustainable way, among other things. SFS also requires stability in terms of access to premises, IT systems and similar infrastructure. Adaptations in an orderly manner in these cases require an ability to fulfil SFS' obligations in accordance with the agreements.

To ensure long-term solvency, SFS must have equity corresponding to at least 100% of annual turnover. Annual turnover means the average turnover for the past five years. In the short term, the goal is expressed through an aspirational goal of a surplus of 1% of turnover. In order to build up invested capital, SFS' short-term goal is to invest SEK 2,000,000 over a period of 2 years.

Asset allocation and limitation

In order to reduce risk in the portfolio, it is important to diversify the holdings in the portfolio. The general focus of the portfolio is for capital to be invested so that:

- Satisfactory risk diversification among different types of assets is achieved
- Satisfactory risk diversification within different types of assets is achieved
- Satisfactory returns are obtained both in the short and long term
- Good business practice and ethics are maintained

1 For example, changes in requirements for being granted government grants or similar.