

PRUNE HILL CAPITAL

Investment Mandate

Royal Holloway, University of London - Business School

Version 1.2 | 2026-2027 Academic Year

1. Purpose and Objectives

Prune Hill Capital is a student-led, non-profit investment fund at Royal Holloway, University of London, operating under the Business School. Its primary objectives are:

- To provide participating students with practical experience in investment analysis, portfolio management, and risk management.
- To preserve and grow capital over the long term, within a clearly defined risk framework.
- To operate strictly on a non-profit basis: no student or staff member may receive personal financial benefit from Fund performance; all gains remain within or are distributed through approved RHUL structures for student benefit.

The Fund's investment horizon is long-term. There is no expected need for short-notice withdrawals other than in exceptional circumstances agreed with the Academic Adviser.

2. Organisation Structure

2.1 Core Team

The Fund is governed by a core student leadership team and overseen by an Academic Adviser and an Advisory Board.

Role	Responsibility
Managing Partner / CIO	Leads investment process; chairs Investment Committee; primary contact for Adviser, broker, and Advisory Board.
Risk & Compliance Officer	Monitors mandate adherence; maintains risk register; checks all trades pre-execution.
Operations & Reporting Officer	Manages reporting, document control, and operational workflows.
Head of Research	Leads the research function; coordinates Portfolio Managers and Analysts; oversees research standards, investment theses, research allocation, and the research pipeline.
Portfolio Managers (PMs)	Sector/geography-specific research; present trade pitches; monitor assigned areas.
Analysts	Support the Head of Research and PMs with company research, financial modelling, valuation, industry analysis, and monitoring.

2.2 Advisory Board

The Advisory Board comprises 3-5 individuals with finance or academic expertise. Members serve two-year terms and attend at least one annual review meeting per year. The Advisory

Board provides non-executive guidance on strategy, governance, and long-term development.

2.3 Academic Adviser and Broker Relationship

The Academic Adviser is the authorised signatory for the Fund's brokerage account, which is held under RHUL's institutional framework. All account-level communications with the broker are routed through the Academic Adviser. Student officers interact with the broker operationally under this framework.

3. Permissible Investments

3.1 Permitted Instruments

- Listed equities (ordinary shares) on recognised, regulated stock exchanges in developed markets.
- Exchange Traded Funds (ETFs) and index funds providing diversified exposure to equities, with a preference for ESG-screened or sustainability-themed funds (e.g. ESGU, ESGV, ICLN, ESGD, VSGX).
- Cash and cash equivalents (e.g. cash held at the broker, highly liquid money market instruments).

3.2 Prohibited Instruments

- Derivatives (options, futures, swaps, CFDs, spread bets).
- Leverage or margin (no borrowing to invest).
- Cryptoassets or unregulated digital tokens.
- Unlisted or private securities, crowdfunding, or peer-to-peer lending.
- Fossil fuel companies (exploration, production, refining, storage or transportation of oil, gas or coal), in line with RHUL's divestment policy.
- Controversial sectors: armaments, gambling, adult entertainment, tobacco, or companies in serious and ongoing breach of international norms on human rights or environmental standards.

4. Asset Allocation and Concentration Limits

4.1 Target Allocation by Asset Class

Asset Class	Target Range	Rationale
Equities (individual stocks)	60-80%	Core growth driver; diversified across sectors and geographies.
ETFs (incl. ESG/thematic)	15-30%	Broad exposure reduces single-stock concentration.
Cash / Cash Equivalents	5-15%	Liquidity buffer and capital available for new opportunities

4.2 Geographic Exposure

Geography	Indicative Range	Example Instruments
United Kingdom	20-40%	UK-listed equities and ESG ETFs
United States	30-50%	S&P 500 equities, ESGU, ESGV
International Developed (ex-UK/US)	10-30%	ESGD, VSGX, European/Asian equities
Emerging Markets	0-10%	ESG-screened EM ETFs only

4.3 Example Holdings (Illustrative)

The following are illustrative examples of the types of positions consistent with this mandate. They do not constitute investment recommendations.

Type	Example	Rationale
ESG ETF (US)	iShares ESG Aware MSCI USA ETF (ESGU)	Broad US equity exposure with ESG screen; primary benchmark constituent.
Clean Energy ETF	iShares Global Clean Energy ETF (ICLN)	Thematic alignment with RHUL sustainability commitments.
UK Equity	Unilever PLC (ULVR.L)	Large-cap, ESG-positive UK stock with global diversification.

4.4 Concentration Limits

- Single position limit: No individual security should normally exceed 10% of total portfolio value.
- Sector limit: Exposure to any single sector should not normally exceed 40% of total portfolio value.
- Cash allocation: Normally at least 5% in cash; should not typically exceed 30% for extended periods without committee approval.
- The Head of Research coordinates research priorities, allocation of coverage, and research standards across PMs and Analysts.

5. Investment Process

5.1 Research and Meetings

- Bi-weekly research meetings: held in-person on the RHUL campus when possible, with an online option available.
- Quarterly review meeting: a formal in-person meeting to review portfolio performance, rebalancing needs, and mandate compliance.
- Annual review meeting: a full review of the mandate, benchmarks, risk limits, and the Advisory Board's input, attended by the Academic Adviser and at least one Advisory Board member.

5.2 Trade Process

- Research: PMs and Analysts develop investment ideas and written analysis under the coordination of the Head of Research.
- Pitching: Portfolio Managers present ideas to the Investment Committee with written analysis covering investment thesis, valuation, ESG factors, risks, and expected return.
- Committee decision: The Investment Committee (CIO, Risk & Compliance Officer, Operations & Reporting Officer, PMs, and Academic Adviser) discusses, votes, and approves trades.
- Execution: Approved trades are executed, checked against risk limits by the Risk & Compliance Officer, and recorded in the trade blotter and minutes.

6. Risk Tolerance and Drawdown Limits

The Fund has a moderate risk tolerance consistent with long-term equity investing and its educational mission.

- Maximum drawdown trigger: A portfolio drawdown of 15% over any rolling six-month period, or 20% over any rolling twelve-month period, triggers a formal investment and leadership review (see Succession Policy Section 6.3).
- No leverage or margin may be used under any circumstances.
- All positions must remain within the concentration limits set out in Section 4.

7. Benchmarks

Performance will be evaluated against ESG-focused benchmarks reflecting the Fund's sustainable mandate:

- Primary benchmark: iShares ESG Aware MSCI USA ETF (ESGU) for US exposure, or iShares ESG Aware MSCI EAFE ETF (ESGD) for international developed markets.
- Additional benchmarks: Vanguard ESG US Stock ETF (ESGV); iShares Global Clean Energy ETF (ICLN); Vanguard ESG International Stock ETF (VSGX).

The Investment Committee may adjust the primary benchmark annually based on portfolio composition, subject to Academic Adviser approval.

8. Student Fund Partnerships

Prune Hill Capital may collaborate with other student-led investment funds at UK universities for educational and research purposes. Potential activities include joint investment case competitions, shared sector research, and cross-fund educational events.

- No partnership may result in the pooling of capital or create financial obligations on RHUL.
- All partnership arrangements are subject to Academic Adviser approval and are managed by the Stakeholder Relations / Communications Officer.

9. Liquidity and Time Horizon

- The Fund will invest only in instruments that are daily-liquid under normal market conditions.
- Typical holding period: months to years. High-frequency or purely speculative trading is not consistent with this mandate.

10. Governance and Decision-Making

- All investment decisions are made through the Investment Committee in accordance with the approved governance framework.
- The Risk & Compliance Officer checks proposed trades against this mandate before execution.
- Breaches must be reported, corrected promptly, and documented in minutes and reports.

11. Allocation of Profits and Hardship Support

11.1 Initial Growth Phase

During the initial growth phase, all net investment gains will be retained within the Fund to build a sustainable capital base. No distributions will be made while assets under management and the track record remain at an early stage.

11.2 Future Contribution to Hardship or Access Support

Once the Fund reaches a scale and stability agreed by the Academic Adviser, up to 30% of realised net profits in a given financial year may be transferred to an approved hardship, bursary, or access fund within RHUL, subject to formal annual approval and compliance with University financial regulations.

12. Amendments

This mandate should be reviewed at least annually, or sooner if required by changes in University policy, donor conditions, or regulatory requirements. Any amendments require written approval from the Academic Adviser.

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