

Investment Policy

Document Control

Item	Detail
Policy Title	Investment Policy
Document Reference	ORG/FIN/003
Version	1.0
Effective Date	
Next Review Date	
Policy Owner	Board of Trustees

1.0 Purpose and Legal Basis

A formal Investment Policy is a cornerstone of effective governance, essential for the Board of Trustees to fulfil its fundamental duty to protect and prudently manage the charity's assets. This policy ensures that the financial resources of the charity are managed strategically to meet its charitable objects for the long term.

1.1 Purpose

The purpose of this policy is twofold:

1. To establish a clear and robust framework for making investment decisions that carefully balances financial return, risk, and ethical considerations.

2. To ensure all investment activities are fully compliant with the charity's governing document and all relevant UK legislation.

1.2 Legal Basis

This policy is established upon the following legal and regulatory foundations:

- The powers granted to the Charitable Incorporated Organisation (CIO) in Clause 4(5) of the Constitution of the charity, which specifically permits the CIO to "deposit or invest funds" and "employ a professional fund-manager" in accordance with the Trustee Act 2000.
 - The general duties of trustees are set out in the Charities Act 2011.
 - The best-practice guidance issued by the Charity Commission for England and Wales, particularly CC14: Charities and investment matters.
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2.0 Scope

A clear scope is essential for defining the framework for the stewardship of the charity's investment portfolio. This section delineates the individuals and activities governed by this policy to ensure a consistent and compliant approach.

2.1 Individuals Covered

This policy applies to:

- The Board of Trustees holds ultimate responsibility for the charity's investment strategy and performance.
- Any committee to which the Board delegates investment functions, as permitted by Clause 14 of the Constitution.
- Any external Investment Managers or contractors appointed by the Trustees to manage the charity's investment portfolio.

2.2 Activities/Data Covered

This policy governs all financial investments held by the charity.

3.0 Policy Statement

This policy statement articulates the charity's core philosophy on investment, designed to support its mission of providing education, research, support, and financial assistance to the charity's beneficiary community.

The charity is committed to a prudent and ethical investment strategy designed to preserve and enhance the real value of its assets over the long term. This strategy must directly support the delivery of the charity's objects as defined in Clause 3 of its Constitution. All investment decisions will be made with the primary goal of generating sustainable returns to fund these vital charitable activities.

To ensure a shared understanding among all parties, it is essential that the key terms used throughout this policy are clearly defined.

4.0 Definitions

Precise, shared definitions are critical for ensuring that all parties involved in the charity's investment activities, from trustees to external managers, operate with a common understanding of their duties and the policy's requirements.

Term	Definition
The Charity / CIO	The charity is a Charitable Incorporated Organisation as defined in its Constitution.
The Trustees	The Charity Trustees of the charity are ultimately responsible for the charity's investment strategy and performance.
Investment Manager	Any professional individual or firm appointed by the Trustees to manage all or part of the charity's investment portfolio on a discretionary basis.
Ethical Investment	An investment approach that considers the alignment of investment decisions with the charity's objects and values, particularly avoiding investments that may conflict with the health and wellbeing of its beneficiaries.
Risk Appetite	The level of investment risk that the Trustees are prepared to accept in pursuit of the charity's financial and strategic objectives.

5.0 Procedures

These procedures provide the detailed operational framework for the Trustees and any appointed Investment Managers to implement the charity's investment strategy effectively, consistently, and in line with their duties.

5.1 Investment Objectives

Given the charity's asset base, these investment objectives are designed to:

- Preserve capital in real terms over the long term
- Generate a sustainable income stream to support the charity's objects as outlined in Clause 3 of the Constitution

The trustees maintain flexibility in their approach to capital preservation. The charity operates an expendable endowment fund, which allows the trustees to spend capital when necessary to further the charity's charitable purposes, rather than being restricted to a permanent endowment structure that would limit expenditure to investment income only.

The primary investment objectives of the charity are:

- To achieve a balanced total return from a combination of capital growth and income generation.
- To protect the real value of the charity's assets against inflation over the long term.
- To generate a sustainable level of income to support the charity's grant making and other charitable activities.

5.2 Risk Management and Appetite

The Trustees have a moderate risk appetite. They seek to achieve the stated investment objectives without exposing the charity's capital to an undue level of risk. The Trustees require the investment portfolio to be appropriately diversified across different asset classes to mitigate risk. The appointed Investment Manager will be responsible for proposing and maintaining a suitable diversification strategy. All investment activities must be managed in accordance with the charity's overarching Risk Management Policy.

5.3 Ethical Investment Framework

In recognition of the unique health challenges faced by the beneficiary community, the Trustees have adopted a mandatory ethical investment framework. This ensures the charity's assets are not invested in a manner that could be seen to conflict with the wellbeing of its beneficiaries or the core purpose for which the charity was established. This approach is guided by the following principles:

- **Exclusionary Screening:** The charity will seek to avoid direct investment in companies whose activities are fundamentally inconsistent with its objects. Given the nature of the beneficiary community, particular consideration will be given to avoiding investments in companies involved in controversial weapons manufacturing or those with demonstrably poor health, safety, and environmental records.
- **Alignment with Objects:** Where possible, and without compromising the primary objective of financial return, the Trustees will favour investments that positively align with the charity's purpose of enhancing the health and wellbeing of its beneficiaries.
- **Trustee Discretion:** The Trustees retain the absolute right to instruct an Investment Manager to disinvest from or avoid any holding that they deem to be in conflict with the charity's mission or that poses a risk to its reputation.
- **Manager Mandate:** These ethical considerations will form a mandatory and explicit part of the written mandate given to any appointed Investment Manager.

5.4 Appointment and Management of Investment Managers

As permitted by Clause 4(5) of the Constitution, the Trustees may appoint a professional Investment Manager to manage the portfolio on a discretionary basis. The selection and appointment process will be formal, competitive, and fully documented. Any appointed manager must be authorised and regulated by the Financial Conduct Authority (FCA).

The appointed Investment Manager will be provided with a formal written mandate that clearly outlines the charity's investment objectives, risk appetite, ethical framework, performance benchmarks, and reporting requirements as detailed in this policy.

6.0 Roles and Responsibilities

Clarifying specific duties ensures there is clear accountability for the stewardship of the charity's assets and the effective implementation of this policy.

Role	Assigned Responsibilities
The Board of Trustees	Holds ultimate responsibility for all investment matters. Specific duties include: <ul style="list-style-type: none"> - Approving and annually reviewing this Investment Policy. - Setting the overall investment objectives, risk appetite, and ethical framework.

	<ul style="list-style-type: none"> - Appointing, monitoring, and, if necessary, terminating the appointment of any external Investment Manager - Formally reviewing the Investment Manager's performance at least quarterly against the agreed mandate and benchmarks, and taking any action required to address underperformance.
External Investment Manager	<p>Is responsible for the day-to-day discretionary management of the portfolio in accordance with the mandate provided by the Trustees. This includes:</p> <ul style="list-style-type: none"> - Proposing and implementing an appropriate asset allocation strategy to meet the charity's objectives. - Reporting to the Trustees on portfolio performance, transactions, and market outlook on a regular basis, at a minimum of once per quarter. - Providing quarterly written confirmation that the portfolio has been managed in full compliance with the ethical framework detailed in this policy.

7.0 Implementation

This section outlines the practical steps for the policy's rollout and its integration into the charity's regular governance and operational activities, ensuring it becomes an active management tool.

1. **Adoption and Timeline:** This policy is effective immediately upon its formal adoption by the Board of Trustees. It fully supersedes the previous "Charity Investment Policy (2017)".
2. **Communication:** This policy will be provided to the appointed Investment Manager as a formal and binding component of their management mandate. A copy will also be available to Trustees at all times.
3. **Training:** The Trustees will ensure they have the necessary skills and understanding to fulfil their investment duties, seeking independent professional advice where required to supplement their knowledge.
4. **Resources:** The cost of professional investment management and advice is acknowledged as a necessary resource for the proper stewardship of the charity's assets.

8.0 Monitoring, Review, and Reporting

Robust monitoring is crucial to ensure the investment strategy remains aligned with the charity's objectives and that this policy continues to provide a sound basis for decision-making.

- **Key Performance Indicators (KPIs):** The primary KPI will be the portfolio's total return (capital growth plus income) measured against a pre-agreed composite benchmark that reflects the portfolio's target asset allocation. This benchmark, and the portfolio's performance against it, will be a primary focus of the Board's regular performance reviews with the Investment Manager.
- **Reporting:** The Investment Manager will provide the Board with formal written reports at least quarterly. These reports will detail portfolio valuation, transactions, income generated, and performance against agreed benchmarks.
- **Review Schedule:** This policy will be formally reviewed by the Board of Trustees at least annually. This review will ensure it remains compliant with legislation, regulatory guidance, and the charity's evolving strategic needs. The review will also formally re-evaluate the investment objectives and risk appetite to confirm their continued appropriateness.

9.0 Related Policies and Documents

This policy should be read in conjunction with other key governance documents to form a cohesive control framework that safeguards the charity's mission and assets.

- Constitution of the charity
- Risk Management Policy
- Internal Financial Controls Policy
- Conflict of Interest Policy
- Reserves Policy