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| *Chandos & Dent’s Almshouses* | *Investment and Reserves Policy* |
| *Owner* | *Finance & Admin* |
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**1 Scope of Investment Powers**

The Charity has the power to deposit or invest funds in the same manner and subject to the same conditions as the trustees of a trust are permitted to do by the Trustee Act 2000. That Act provides that trustees have all the investment powers of individual owners provided that they have regard to standard investment criteria and also provided that (subject to a limited exception) proper advice from a suitably qualified source is obtained before making any investment.

**2 Investment Objectives**

The Charity primarily receives maintenance income from its beneficiaries which should broadly cover the short-term costs of the Charity. The objective of the Charity’s investments is therefore to secure real capital growth to fund future projects which further the Charity’s aims. In setting these objectives, the Trustees are very mindful of the historic nature of the listed buildings which are the almshouses of which the Charity is trustee and the consequent need from time to time for significant, and to some extent unpredictable, repairs and maintenance costs. For that reason the Trustees consider it appropriate to adopt a conservative approach to its reserves while building up a sinking fund to fund future renovations.

**3 Risk Appetite**

The Charity’s attitude to risk is tiered. Money will be held in bank current and deposit accounts to help manage short-term cash flow and remainder will be invested in specialist multi-asset charity funds with the aim of delivering the best financial total return within a risk profile that is commensurate with the charitable objectives over the longer-term (five years plus).To reduce manager risk, the Trustees have decided to split the long-term reserves between two investment managers. The Trust will not consider loans to other organisations or persons (other than arrangements with beneficiaries to defer MMC payments in exceptional circumstances).

**4 Liquidity Considerations**

Cash flow requirements will be reviewed regularly by the Finance Committee and investments will be held in funds that are easily realisable in normal market conditions.

**5 Investment Types**

The Charity will confine its investments to collective managed funds suitable for charities, which provides access to professionally managed diversified investment portfolios where the investment objectives and risk profile are aligned to the Charity.

**6 Investment Powers**

The Finance Committee is empowered to make investment decisions on behalf of the Charity.

7 **Ethical policy**

The Charity does not wish to impose a specific list of restrictions on individual companies or activities as it recognises that it is not practical to do so investing through specialist charity funds. However, the Trustees wish to be responsible investors. Environmental, social and governance (ESG) criteria are a set of standards to assess a company’s operations that investors, such as charities, consider when reviewing their investments:

* Environmental criteria consider how a company performs as a steward of nature.
* Social criteria examine how it manages relationships with employees, suppliers, customers and the communities where it operates.
* Governance deals with a company’s leadership, executive pay, audits, internal controls, and shareholder rights.

The fund managers are expected to take account of ESG issues in their investment analysis and decision-making processes and engage with company management when appropriate. The Trustees will monitor the fund managers’ engagement and keep this under review.

**8 Review of Performance**

Investments will be reviewed annually when the annual accounts are prepared. The overall performance will be monitored against:

* The Charity’s long-term target of CPI inflation plus 3.5% p.a. net of fees
* The other multi-asset specialist charity funds

The ARC steady growth charities index

**9 Reserves Policy**

9.1 The Charity recognises the need to have sufficient funds in reserve readily available as or convertible into cash to cover day to day expenditure, especially in the event that there is a significant reduction in MMC income following the departure of residents pending new residents being appointed. The Charity also recognises the historic nature of the listed buildings which are the almshouses of which the Charity is trustee and the consequent need from time to time for significant, and to some extent unpredictable, repairs and maintenance costs.

In order to mitigate these risks, the trustees have calculated that free reserves equating to 24 months of the budgeted MMC income is required. This shall be regarded as the contingency reserve.

4.2 A five year cash-flow statement of anticipated expenditure will be provided annually by the Buildings Committee and the total estimated spend over this period shall additionally be reserved. This shall be regarded as the commitment reserve and will be itemised in the annual accounts.

4.3 Any assets exceeding the contingency and commitment reserve will be available to fund any future projects the Charity wishes to undertake that further its aims.