

Investment Policy

Hibbert Almshouse Charity Policy

An almshouse charity which has investments should have a written policy that sets out the purpose and objectives of the investments. A written policy provides a framework for making investment decisions, helping trustees to manage the charity's resources effectively and demonstrate good governance.

The level of detail required will vary and is not necessarily dependent on size. For many charities, the written investment policy is maybe no more than a page or two long. For others, particularly if there are more complex considerations, it can be considerably longer. The crucial point is that it provides a sufficient steer to inform investment decisions.

If you use investment managers you must, by law, also have a legal agreement with them. This agreement must require the manager to invest in line with your charity's investment policy.

The Charity Commission's annual return asks if almshouse charities have a written investment policy. The model investment policy below is recommended but should be adapted to suit a particular charity's circumstances and details inserted where necessary. The wording in italics describes possible examples and may be deleted or replaced as required.

1 Introduction

The trustees of Hibbert Almshouse Charity hereafter known as HAC, take the view, both jointly and individually, that the financial objective of its investments is to generate a sustainable return to help deliver the objects of the charity.

The Trustees have agreed that any savings from income in excess of 3 months average expenditure of the Charity shall be invested and not kept in any non interest bearing account unless it be placed there to meet a predicted/committed capital expenditure. The sum should be invested to provide such a return as the market offers on a medium risk investment, and that the sums should be invested appropriately until required.

2 Investment objective

2.1 The overall investment objective is to produce best financial return with an acceptable ~~low~~ level of risk.

2.2 In the case of general funds the objective is to produce an income flow while minimising the risk of capital losses.

- 2.3 In the case of the Cyclical Maintenance Fund (CMF) the objective is to maintain a sum to enable regular maintenance (such as redecoration on vacations, replacement of kitchens and bathrooms) to be undertaken as they become due.
- 2.4 In the case of the Extraordinary Repair Fund (ERF) the aim is to maximise capital growth including re-investment of income and is used for major future expenditure.
- 2.5 Investments are generally held for the long term however trustees should ensure that their ability to meet future planned expenditure is not compromised by holding long term investments rather than short term investments.

3 Risk

- 3.1 The trustees of HAC have considered the following risks and mitigations. (the following are examples):
- *inflation and fall in capital values mitigated through investment in appreciating assets or fixed deposit accounts*
 - *fall in value or failure of specific investment vehicles mitigated by diversification of assets and investment portfolios*
 - *failure of investment counterparties mitigated by requiring a minimum 'A' credit rating for deposit taking institutions, and a maximum £85,000 cash deposit per counterparty so as to qualify under the Financial Services Compensation Scheme. Should the current sum of £85,000 be altered then the appropriate level of £85,000 can be altered to mirror the Government's rate.*
 - *The Government underwrites British banks*

4 Liquidity

When income level's permit, the HAC will aim to retain an amount in easily realisable assets sufficient to meet its short-term expenditure plans over (3 months).

5 **Management, Reporting and Monitoring**

- *The trustees have delegated investment management and decision making to the investment Sub committee which comprises trustees with relevant investment experience, or*

While the Charity is a small Charity it does not employ any financial advisers but this does not mean that the Portfolio of investment is not compared to other forms of investment.

Performance is monitored against agreed market benchmarks which are:

- *In line with M & G Advice or*
- *Any other index agreed by the Trustees*

6 **This policy has been approved for issue by the trustees of Hibbert Almshouse Charity**

Signature:.....*E. S. Kennedy*.....

Name:.....*EVAN STEWART KENNEDY*.....

Date:.....*30th October 2023*.....

Review Date: 10.2025