



Policy No: 4

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Investment Policy

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Contents

Section Page

- 1. Background 3
- 2. Investment objectives 3
- 3. Attitude to risk 3
- 4. Financial Investment Portfolio 4
- 5. Socially Responsible Investment Policy 4
- 6. Management and review of Investments 4
- 7. Review of policy 5

Appendices

Appendix 1: Review of Investments 6

Version control

Approved/amended date	Version	By	Issue
7 March 2018	1	Trustee Board	New policy
5 October 2020	2	Trustee Board	Amendments & CIO update
24 October 2022	3	Trustee Board	Amendments

Investment Policy

1. Background

The Friends of York Hospitals is an incorporated grant making charity established by Constitution, whose object is:

‘To enhance patient care by providing and assisting in the provision of facilities, support services and equipment not normally provided by the statutory authorities’.

In furtherance of this Object but not otherwise the charity has the following powers:

- a) providing committed, caring volunteers who help NHS staff meet the needs of patients;
- b) buying equipment or services for the benefit of patients that may not be readily available to be funded by the NHS Trust;
- c) raising funds and receiving contributions from persons or organisations by way of subscription, covenant, donation, legacy or otherwise.

The Charity is governed by the Constitution which specifies a general power of investment. (Para 4(5) Powers)

The Charity approves grants depending on demand in any given year and which may vary from year to year depending on grant making opportunities and investment returns.

The Board of Trustees is responsible for making decisions about the charity’s investments.

The Charity Commission has written guidance in document ‘CC14 Charities and investment matters: a guide for trustees’ to support trustees in making these decisions so that they can comply with their duties. While the Charity Commission cannot provide specific investment or legal advice, FOYH takes the guidance into account to support the decisions taken.

2. Investment Objectives

The Charity seeks to produce the best financial return within an acceptable level of risk for the bulk of the assets, referred to as the 'financial investments'.

The investment objective of the financial investments can be quantified as generating a return that would allow the Charity to at least maintain the real value of the assets, whilst funding annual project expenditure.

The Charity adopts a total return approach to investment, generating the investment return from income and capital gains or losses.

The Financial Investments Portfolio is invested to directly further the Charity's aims

3. Attitude to risk

The Charity relies on the long-term return of the financial investments assets to contribute to grant making. (This is in addition to fundraising initiatives which are variable in income.)

The key risk to the long-term sustainability of the Charity is inflation, and the assets should be invested to mitigate this risk over the long term. The trustees understand that this is likely to mean that the financial investments will be concentrated in real assets and that the capital value will fluctuate.

If the Charity can meet its grant making commitments, then trustees can tolerate volatility of the capital value of the Charity's financial investment portfolio. through either income or liquid capital assets.

4. Financial Investment Portfolio

FOYH trustees considered the relevant issues from 'CC14 Charities and investment matters: a guide for trustees' and took advice where appropriate from Lloyds Private Banking on an ongoing basis and reached the decision, to invest in a "Balanced" Investment portfolio as part of the long-term investment strategy.

The initial investments approved by the Board of Trustees in July 2011 was £300,000 to help further our charitable aims. On 30 June 2022, the value of the investment assets was approximately £364,840 (including £65,011 held outside the portfolio). Between July 2011 and September 2020, a sum of £176,000 has been withdrawn.

The portfolio is regarded as a 'Medium Risk' in investment terms which met the FOYH Board of Trustees attitude to risk. Medium risk portfolios carry greater growth potential than low risk portfolios while aiming to moderate risk. This portfolio investment carries a risk of loss to capital value but has the potential for capital growth and income (if income is required). The Board of Trustees in 2011 decided to opt for a capital growth portfolio rather than an income-based investment as income was generally provided in other forms to the Charity. The portfolio does not carry any guarantees and the value of capital is likely to fluctuate over time.

See appendix 1 for details of the reviews of the FOYH investments.

5. Socially Responsible Investment Policy

FOYH recognises its responsibility to invest in a socially responsible way and keeps under review the Investment Management Companies policy on this subject. The most recent policy by Schrodgers - *Environmental, Social and Governance Policy for Listed Assets* - was issued in December 2020 and can be viewed at <https://www.schrodgers.com/en/sysglobalassets/schrodgers/sites/australia/pdf/schrodgers-esg-listed-assets-policy-july-2019.pdf>

6. Management and review of Investments

The value of the Investment Portfolio with Schrodgers is updated each quarter June/Sept/Dec/Mar and recorded in the accounts for discussion/review at the next available trustee meeting.

The Charity is expected to exist in perpetuity and investments should be managed to meet the investment objective and ensure this sustainability. There is no 'end date' on the Investment Portfolio however monies can be taken out of the Investment Portfolio without any penalty and the funds are not restricted funds.

Advice from the specialist Schrodgers Advice Manager can be requested when required by the FOYH Board of Trustees. Specialist Fund Managers manage the funds in the portfolio on an ongoing basis.

The current Investment Policy is available on the FOYH website www.foyh.org.uk

7. Review of policy

This policy will be reviewed every 2 years or sooner in the event of changes in the financial situation of FOYH, the changes in the financial climate, guidance or legislation.

Reviews of Investments

July 2017: Board of Trustees re-confirmed that they agreed with this investment portfolio attitude to risk and capital growth-based investment.

March 2018: A further review was approved by the Board of Trustees in March 2018.

July 2019: Lloyds, in a tie up with Schroders, restructured its investment management with Schroders taking over the main control of the charity's portfolio. It was hoped that this change would improve the financial performance and administration of investments. Very little changed on the administration side and problems with amending signatories highlighted the inefficiency of this arrangement. It has also been difficult understanding how FOYH portfolio was performing against its peers.

1 June 2020: Board of Trustees agreed to create a sub-committee to conduct a review of the policy.

At the time of the review the Covid-19 pandemic was influencing the economic outlook for world economies. This situation had created financial instability and uncertainty and the sub-committee would decide whether it was the right time to make changes to the current investment policy other than bringing the document up to date. They needed to decide whether to seek independent, tied financial advice or make these decisions themselves.

As the review was progressing, information was received from Schroders outlining major changes to the Schroders/Lloyds set-up. The new arrangements would retain the existing investment strategy but would no longer involve Lloyds in the process. The minimum fund requirement would be £10,000 and we would also be given on-line access to the portfolio. The board had to agree these changes by 21 August 2020 or either cash in the investments or move to another provider. Some of the issues that have caused the charity problems had been due to the working relationship between Lloyds and Schroders. The changes to the management of the investment were intended to make dealing with the investment easier.

The review at conclusion was presented to the Board of Trustees who were asked to vote on several options.

- Do we stay with Schroder? - agreed
- If staying with Schroders, do we maintain the current investment strategy at medium risk? – agreed
- Do we withdraw a sum from the portfolio to bring the current account balance up to £100,000 to cover the average running costs for a year and meet our six-month reserve figure? - agreed