# Investment Policy

1.1 The Trustees of TCS, having sought appropriate advice, are mindful of their obligations under general trust law and relevant legislation to seek to protect the long term 'real' value of the assets they administer, whilst maximising income.

1.2 The funds administered by TCS are categorised under four broad headings:

- those where TCS acts as Sole Trustee;
- hose which are Restricted in terms of how the income produced by them may be expended;
- hose where the Trustees of TCS have Designated a particular purpose for the income; and
- those which are Unrestricted in terms of how income may be disbursed.

1.3 Where funds are managed for underlying charities (for example, those charities of which TCS is Sole Trustee), the objective is to offer such charities access to an investment strategy which is superior to that which the individual charities would be likely to achieve directly. Whilst the Investment Policy involves such charities being exposed to those risks normally associated with investment in stocks and shares, TCS management seeks to offer diversification, the ability to react to short term stockmarket events and economies of scale.

1.4 The detailed Investment Policy of TCS is drafted so as to define clearly the individual objective (in terms of the particular balance between capital and income) of each underlying fund. Due regard is given to the need to take a long term view which may, for specific periods, involve generating a lesser current income in the interests of perceived greater capital protection and/or growth. The Trustees' policy sees a distinction between short-term and long-term funds. Short-term funds are dealt with in accordance with the charity's Treasury Management Procedures.

1.5 In respect of any funds considered to be long-term in nature, the Trustees are aware of the arguments in favour of investing in 'real' assets, such as quoted shares, following analysis of the historical performance of various types of investment and the reasons for the relative performance of each broad category. They recognise that their long term aim requires a balance of income and capital return is in the best interests of the beneficiaries of underlying charities (both present and future). Their desire is to ensure that future generations are able to benefit from the charities' resources, at least to a similar extent as present beneficiaries.

1.6 To this end, the Trustees manage a series of investment portfolios; each fund having a specifically designated purpose and where the source of the invested capital can be traced to a particular, clearly defined charitable object.

1.7 The term "Investment Portfolios" used below refers to long term funds designated as such for this purpose.

## 2 Broad Objectives

2.1 Time Horizon: Overall, the Trustees have as their time horizon a period in excess of 10? years. They accept that it will be necessary from time to time to maintain a degree of liquidity, external to their Investment Portfolios, to allow for expected operational expenditure.

2.2 Annual Income Requirement: In respect of Designated and Unrestricted Funds, the Trustees are not restricted in respect of their ability to spend capital and therefore there is no overt intention to generate a specific annual income (in cash flow terms) to meet known or anticipated expenditure. The Trustees would not wish to see maximisation of annual income pursued as an objective, in such a way as to jeopardise the ability to demonstrate long term capital and income protection. The Trustees realise that capital growth cannot be guaranteed and that any need to realise capital should be highlighted as soon as possible, in order to avoid the potential problem of having to sell investments at an inappropriate moment. Above all, the Trustees are committed to an Investment Policy which seeks to maximise 'total return' – the combined return from income and capital growth. In respect of funds where TCS acts as Sole Trustee, or where funds are Restricted in terms of the application of their income, the Trustees either seek an overall balance between current income, future income growth and long term capital protection (where there is no legal restriction on the spending of invested capital), or a modest bias towards current income (where they have no legal recourse to the investment capital itself and may only spend annual income).

## 3 Policy on Cash Deposits

3.1 The Trustees do not intend to retain a proportion of the Investment Portfolio in the form of cash deposits as a long term policy – other than in respect of amounts required as part of the process of managing the portfolio. They will, however, inform their investment manager of likely future capital expenditure from time to time, which could result in part of the then existing portfolio being realised and the proceeds placed on deposit, pending such expenditure.

## 4 Specific Objectives

The policy on investments for each Trust could be flexed to meet different income requirements if it was so determined. The strategies would be consistent with a Medium Risk approach, in the opinion of the Trustees' investment adviser/manager.

## 5 Implementation and investment performance measurement

5.1 Given the size of their funds, the Trustees employ a single investment management firm to manage their portfolios, with the manager being free to supplement in-house skills in certain specialist areas (e.g. such as property) as necessary. The performance and fees of the manager are kept regularly under review.

5.2 The Trustees monitor the relative success of their chosen investment strategy against the returns achieved by other charities with similar objectives and also against a range of appropriate and widely recognised market indices.

5.3 In doing so, the Trustees are mindful of the danger of setting an inappropriately demanding investment return target, given that a period of under-performance of too demanding a target could motivate their chosen investment manager to take greater risks than would be desirable in subsequent periods.

5.4 The Trustees intend to ratify their investment policy at least annually, subject to the advice of their chosen investment manager.

**6 Reporting requirements**

6.1 The Trustees require their chosen investment manager to prepare a valuation and performance report every three months around a calendar year cycle. Such reports include full details of all investments held, together with supporting schedules of capital and income account movements and notes of any fees or charges levied over the period.

**7 Legal powers and restrictions on investment policy**

7.1 In applying their investment policy the Trustees understand that they have full investment powers, at least equivalent to those implied by the Trustee Act 2000. Notwithstanding these general wide powers they are mindful of the following aspects of 'good practice':

- To preserve the real value of their long term assets;
- To act in accordance with the established principle of the prudent person of business;
- To ensure sufficient diversification and suitability of their investments; and
- To seek appropriate professional advice

**8 Statement regarding ethical investment**

8.1 Save for circumstances in which, in the opinion of the Trustees, certain proposed investments could seriously affect the public image of the organisation or be in direct conflict with the objects of the organisation itself (or one of the funds whose assets the Trustees control), the Trustees do not wish to impose specific restrictions on their chosen investment manager.

8.2 The Trustees recognise that they are under a legal obligation to maximise overall financial return, in order to allow them to produce the maximum benefit for their chosen beneficiaries.

Approved at the meeting of the Board on 15th November, 2010

Reviewed at the meeting of the Board on 26th January 2017

Reviewed at the meeting of the Board on 14th May 2020