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Investment Policy

1. Introduction

- 1.1 The Association's objective is to promote the health, safety, welfare and wellbeing of working people and the organisations they work for by facilitating networking, sharing, learning, the adoption of good practice and continuous improvement. This extends to an organisation's physical assets, the environment, and the community which it serves or in which it operates, with a focus on Birmingham and surrounding areas.
- 1.2 The Charity currently has about 300 subscription (donation) paying members and total assets, including premises (registered office) at Quinton, of approximately £1.2m. The total currently (September 2014) being made available for investment is £960k.
- 1.3 The business of the Association is governed by Articles of Association which give decision making powers to the Management Committee - in particular three trustee members - including the power to invest moneys of the Association and to acquire and dispose of property.

2. Investment Objectives

- 2.1 To provide the best financial return within an acceptable level of risk.
- 2.2 To provide an income, to supplement the amount obtained from subscriptions, in order to fund the Association's activities and related expenditure as indicated by Annual Report and Accounts. (Expenditure currently approx. £45k p.a.; subscriptions approx. £10k p.a.; total income required from all investments therefore approx. £35k p.a.). (Based on a total investment of £960k this equates to an **average** income / yield of approx. 3.5%).
- 2.3 To maintain the real capital value of the invested assets over the medium term (at least in line with inflation / RPI) in order to provide an adequate future income stream and secure the sustainability of the Association.

3. Risk

- 3.1 In order to meet the income requirement / target it is accepted that a medium risk strategy may be required.
- 3.2 Volatility, inflation and failure risk to be mitigated through a diversified mix of investments / asset classes and at least two investment bodies. (As of September 2014 – four bodies).
- 3.3 Inflation risk to be further mitigated through a significant proportion of investments in real assets.
- 3.4 Investment in property may be via. investment funds and / or equities as part of a diversified portfolio.
- 3.5 Large direct investment(s) in property is to be avoided. An exception to this is premises retained or acquired to help support the objectives of the Association and its charitable activities.
- 3.6 Due to a separate and significant investment being made into a charities property fund, (other investment portfolio(s) should each have no more than 10% in property.
- 3.7 Financial Services Compensation Scheme compensation limit for cash deposits not to be exceeded, currently £85k per institution.

4. Liquidity

- 4.1 Fifteen months expenditure / operating costs, less the amount obtained from subscriptions, to be kept as cash at the bank (approx. £45k) outside of any investment portfolios.

4.2 Twelve months expenditure / operating costs less subscriptions of approx. £10k, i.e. approx. £35k, to be realisable within 3 months. If this is likely to give rise to significant costs, penalties or close to full value not being realised, discussion will need to take place at the investment agreement / contract stage.

5. Ethicality

5.1 No *direct* investments which could be detrimental to the aims and objectives of the Association.

6. Investment / Portfolio Management (incl. Discretionary Powers)

6.1 Every investment organisation / manager to be subject to a formal agreement / contract with the Association which identifies any specific terms and conditions in addition to the general terms in this Policy.

6.2 The formal agreement / contract will specify the nature of any discretionary powers.

7. Investment Decisions & Signatories (Internal procedures / controls)

7.1 Investment decisions will be made by the Management Committee taking account of advice from the Finance Sub-Committee. (As provided for by the Articles of Association, agreement may be obtained by postal or email means).

7.2 At least two trustee signatures are required to authorise transfer of money to investment funds.

8. Reporting and Monitoring

8.1 Investment performance including income, asset value, % income / return, all fees / charges, and cash on deposit to be reported to the Association (Secretary) quarterly.

8.2 A Finance Sub-Committee (including the Secretary) will advise the Management Committee – the decision making body - on all issues related to finance and investments.

8.3 The Finance Sub-Committee will review and recommend investment policy, strategy, investment managers / organisations, receive reports and monitor investment performance.

8.4 A formal review by the Finance Sub-Committee and the Management Committee - with input from investment manager(s) - to take place at least once a year. The review should include: investment policy, performance, benchmark data, risks and outlook.

Note: *BHSEA financial year is 1 October – 30 September with report and accounts prepared and audited in October / November before being presented at the AGM in January.*

George Allcock, Association Chair on behalf of the Trustees (G Allcock, S Parton, N Boon)

/ Management Committee:

Signature:



Date: 13th October 2014