



# **Investment Policy**

**Updated: December 2022**

**Approved by Trustees: 19 January 2023**

**Review Date: January 2026**

This policy governs the investment strategy of Elston Hall Learning Trust and all establishments that constitute the Trust. The management of charitable funds and investments will comply with the requirements of the:

- Charities Act 2022
- Trustee Act 2000;
- Financial Services and Markets Act (FSMA) 2000;

The charitable funds of the Trust are derived from direct government and local authority grants and these funds are defined as restricted. Additional charitable funds are generated through the operational nature of the charity's work, such as providing education, training and development; these funds are defined as unrestricted.

The trustee of these funds is the Trust, which is managed by its Board of Trustees and Local Governing Boards. Therefore, there is a sole corporate body/trustee with responsibility for managing and administering the assets of the charitable funds and investments.

### **Policy Scope**

This policy applies to all Trustees, Governors, and employees of the Trust; a breach of the investment policy and procedure may result in disciplinary action.

### **Responsibilities**

The Finance, General Purposes Committee and Audit & Risk Committees of the Trust are assisted by Local Governing Boards (where delegated authority has been provided) and is responsible for monitoring adherence to this policy, the appointment of investment advisors/managing agents, and for deciding changes between the proportions of funds invested in common investment funds and/or liquid investments (Cash Deposits).

The CEO is responsible for ensuring that fund managers and their staff are aware of the investment policy, and for ensuring that the policy is followed for all investments held. The CEO/Executive Leader are also authorised to withdraw and deposit funds from and into liquid investments (Cash Deposits) to meet immediate working capital requirements, subject to the existing authorisation protocols.

### **Aims and Objectives**

The investment objectives of the Trust are to:

- Achieve a long-term real rate of return, net of inflation, to provide a source of capital to meet beneficiary and operational needs without subjecting the fund to large disinvestment that could impact the ability of the fund to meet future long-term financial commitments;

- Provide an income to the Trust to help maintain its operational effectiveness in the short term.

However, a total return approach will take precedent, allowing the Trust to focus on investments providing optimal performance in terms of overall return rather than investments which would provide the right balance of capital and income return. The protection of present and future beneficiaries will be a key responsibility of the Trust.

### **Investment & Counterparty Risk**

The Trust acknowledges that, in order to achieve an optimal rate of return, investments will be subject to a level of risk (Risk Return Relationship). The Trust will seek to adopt a prudent appetite towards risk by:

- Investing in markets where financial services are closely regulated, and compensation schemes are in place;
- Adopting a suitably diversified portfolio and utilising hedged products to limit the impact of systematic and unsystematic risk;
- Avoiding speculative forms of investment;
- Investing in common investment and/or unitised funds.

Professional investment advice will be sought about the most suitable investments for the Trust and investments will be placed with suitably qualified investment managing agents.

### **Ethical Investment**

The Trust is mindful of its underlying principle to further the purpose of the Trust (provision of education); that purpose will ordinarily be best served by seeking the maximum return consistent with commercial prudence. Therefore, the Trust will seek to use a combination of positive and negative criteria to influence the investment decision making process.

#### *Positive Criteria:*

- Responsible employment practices;
- Best corporate Governance practice
- Conscientiousness with regard to human rights;
- Sustainable environmental practice;
- Sensitivity towards the communities in which the business operates.

The Trust has given due consideration to the guidance issued by the Charities Commission and has recommended against any direct investment in the following types of organisation:

- Any organisation that is directly involved in indiscriminate weaponry;
- Any organisation that produces pornography;
- Any organisation where their principal business activity or focus is tobacco, alcoholic drink, gambling, or weekly collected home credit.

## **Monitoring and Reporting Investments**

The Trust will review the performance of the Investment Manager and the Investment Funds biannually by comparing their performance against that of competitors, average performance indicators, and the Investment Manager's adherence to the Investment Policy.

The Trust's annual report and financial statements will describe the investment policy used to select the Trust's investments as well as reporting on the performance of investment