HIGHFIELD PARK TRUST

Investment Policy

This policy has been adopted by Highfield Park Trust

Date Ratified: July 2018

Review Date: May 2019

Signed: T Abbott

Position: Chair of Trustees

HIGHFIELD PARK TRUST

Investment Policy

Investment powers
The trustees' power is governed by the Trustee Act 2000. Trustees may expend the funds of the Company in such manner as they shall consider the most beneficial for the achievement of the objects and to invest in the name of the Company such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the objects of the Company.

Nature of Funds
The funds are in the form of expendable endowment and the trustees are able to use both income and capital for use in charitable purposes. However, as a general rule trustees intend to spend only from income. Capital may be used under exceptional purposes to develop other income streams.

Risk Tolerance
The trustees place a high priority on maintaining the real value of the portfolio and of income returns over the long term, and accept that at times this will mean accepting short or medium term declines in capital values.
Appendix 1 will be used determine the balance of risk and return priorities.

Investment Objective/s
The investment objectives are to generate a sustainable income stream which at least maintains its real value in future years, and at least to maintain the real capital value of the portfolio over the long term.

Investment Targets
- Income – the target is to achieve annual income of at least £65,000 in 2016-17, increasing on average in future years at least by CPI.
- Capital – 'over the long term, capital growth at least equivalent to CPI'.
- Total return – 'over a business cycle, an annual average of CPI plus 4%.'

Access to investment markets
The trustees wish to take advantage of the features of common investment funds and similar charity-specific pooled funds, and have concluded that these funds offer the most cost effective access to a well-diversified portfolio that reasonably matches the charity's requirements.

From time to time (usually on an annual basis) the trustees review the selection of funds based on the investment objectives of different funds in the context of the charity's requirements.

Benchmark and Parameters
In addition to selecting pooled funds whose combined strategic asset allocation and investment objectives are well aligned with the Trust's requirements, the Trustees regularly review the performance of each Fund against relevant market index comparators.

The portfolio currently consists of the following COIF charities common investment funds, each of which is measured against a relevant market index.

Investment Fund (approximately 45% of portfolio total)
Global Equity Income Fund (approximately 30%)

Ethical Investment Fund (approximately 15%)
Property Fund (approximately 10%)

The market comparator for each Fund is currently as follows:

Investment Fund, Ethical Fund:
45% UK equities, 30% overseas equities, 15% bonds/cash, 10% property
Global Equity Income Fund: 100% global equities
Property Fund: 100% UK commercial property

Withdrawal of Capital
The majority of the portfolio is invested in funds with weekly liquidity, although the trustees do not anticipate regular withdrawals of capital, the trustees understand the possible detrimental consequences of withdrawing capital at short notice. In the event of any significant withdrawal of capital the trustees will review the level of income to be targeted from the remaining funds.

Ethical and Responsible Investment
The trustees have reviewed their investment policy with regard to the law and regulatory guidance on ethical and responsible investment.
The trustees appreciate the benefit of using pooled funds and recognise that different pooled funds will have different ethical investment policies. The trustees will consider ethical policies as part of their appraisal of funds, and will prefer those whose policies are well aligned with the Trust's purposes and values, for example by excluding investment in tobacco companies. However the trustees aim to observe responsible investment principles and the charity's investment managers are expected to take into consideration the environmental, social and governance risk characteristics of existing and prospective investments.

Investment Restrictions
Investments excluded on ethical grounds are noted above. Other restrictions include: No individual security should (at time of purchase) represent more than 5% of the total portfolio value.
No direct investment in derivative instruments is permitted other than to hedge risk exposures arising from conventional investments made in pursuit of the trustees' stated investment objectives.

Uninvested Funds
Cash awaiting investment or disbursement in accordance with the trustees' policies may be held as part of the portfolio. Any such cash is to be held on deposit so as to obtain the highest return consistent with appropriate credit and liquidity requirements.

Fund Manager
The trustees have selected the above-noted common investment funds, each of which is managed by CCLA Fund Managers Ltd on a discretionary basis. CCLA does not provide advice to the trustees.

Changes to Policy
The trustees may amend this policy at any time and will advise the fund managers accordingly. In any event the policy will be reviewed at intervals of no more than fifteen months and the fund manager advised of the outcome of this review.

Appendix 1

Expressing the balance of risk and return priorities

You and your investment manager may find it helpful to consider the balance of priorities in the following terms. Consider the four objectives below, and assign a score of 0 to 5 (0 = least important, 5 = most important) – **while ensuring that the total of your scores does not add up to more than 10.**

How important is it to achieve consistently a particular level of **income** year to year (dividends and/or interest), and what is that level (in pounds)?	0 1 2 3 4 5
How important is it to maintain consistently or increase the **real value of income** in future years (to protect against inflation)? Note that investments which offer a fixed rate of income, such as bonds and cash, often do not give any protection against inflation.	0 1 2 3 4 5
How important is it to maintain or increase the **real capital value** of the portfolio over the long-term (to protect against inflation)? Note that investments which offer the prospect of long-term capital gains are likely to suffer fluctuations in value in the shorter term.	0 1 2 3 4 5
How important is it to maintain the **nominal capital value** of the fund in the **short/medium term** (for example, because of known spending commitments)? Note that to the extent that the preservation of nominal values is paramount, the fund is likely to be invested in cash or near- cash investments.	0 1 2 3 4 5