

Parry Family Charitable Foundation®

Investment & Endowment Fund Policy & Management ©

19 October 2015
Reviewed & Updated 15 Nov 2022

Date of constitution: 24 October 2014

Charity registered in England and Wales No. 1159701

1. Overview

The Foundation is a grant making charity.

In the main it receives unrestricted donations and the trustees will use some or all of these donations to build an Expendable Endowment Fund (EEF) as defined by FRS 102 SORP 2.17 with the aim of providing a long term grant budget programme.

Use of the EEF is unrestricted and at the discretion of the trustees subject to the Foundation's Constitution and Charity Law. The trustees have reserved the "power to accumulate" in the EEF which they will exercise as deemed appropriate given the annual grant budget, level of donations and long term objectives of the Foundation.

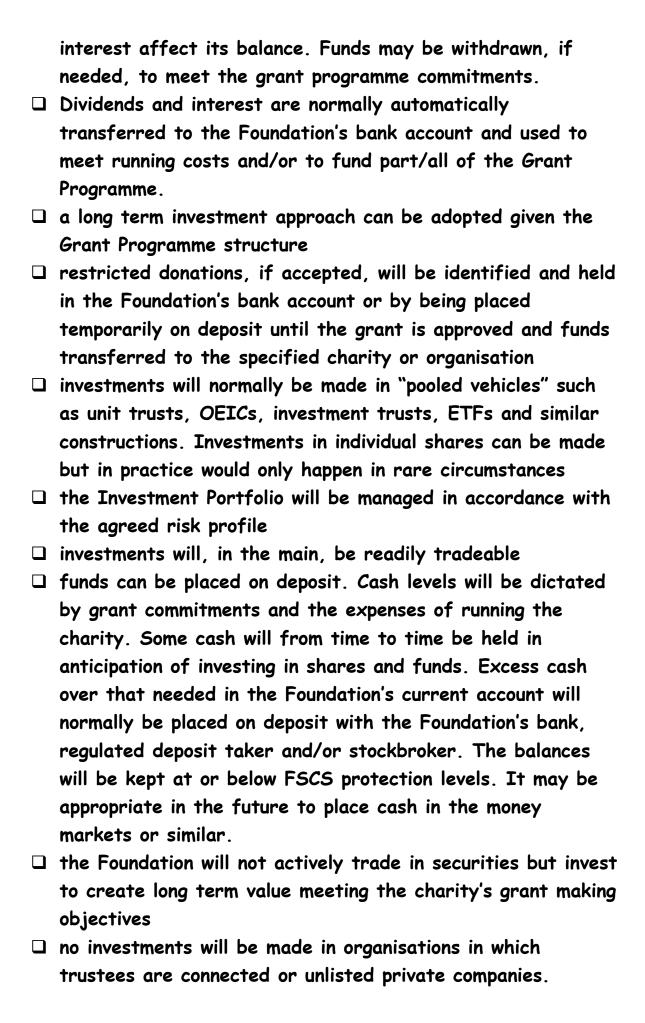
The core investment objective is to produce the best financial return commensurate with agreed risk levels and long term objectives.

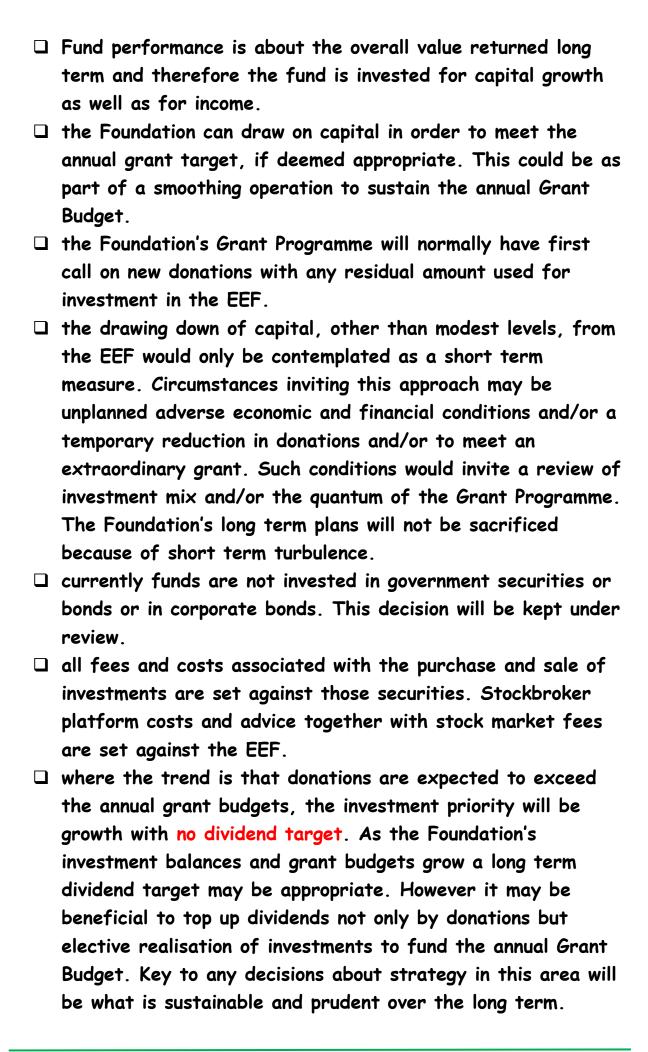
The management of the EEF and investment approach will embrace the following:

act within the powers set out in the Foundation's
Constitution and under current legislation and regulations
set investment operational limits
set a medium term fund size target
set an investment risk profile.
grow the fund from donations and capital growth and when
appropriate from retained income
invest long term in shares, securities and funds to deliver a
long term targeted return
regularly review direction, performance and appropriateness
of the investment and endowment fund management
regularly review all targets, risk profile and investment
operational limits
for the foreseeable future not to adopt Programme Related
Investment (PRI) or Mixed Motive Investments but not to
rule these options out

2.	Le	gal Requirements
		Trustees have a duty of care to use their skills, knowledge and expertise to manage the endowment fund's investments
		evaluate the suitability of investments taking account of the
		Foundation's objectives for the EEF and the agreed risk profile
		take, when and if appropriate, advice unless they have good reason for not doing so
		satisfy themselves about the portfolio's diversity, balance and mix
		know, and act within, their charity's powers to invest
		follow certain legal requirements if they are going to use someone to manage investments on their behalf
		if an ethical stance is taken on investments it can be
		justified
		regularly review investments for performance, policy and
		harmonisation with the Grant Programme
		explain their investment policy (as appropriate) in the trustees' annual report
		See Appendix I for more details of qualifying investments
3.	In	vestment Objectives
	and	ant Programme budgets are agreed based on available funds d long term objectives. Grant funding must be visible and not ticipated. There is a long term Grant Programme target of 4% of the Expendable Endowment Fund. This broad structure forms the investment objectives and approach.
		the endowment fund is funded essentially from donations from supporters but over time capital appreciation/depreciation and undistributed dividends and

 $lue{}$ not to have an overt ethical investment policy





_	The investment portrono current long term total ranger
	return is 4% pa compound.
	all targets and the strategic approach, as set out above,
	will be reviewed periodically
4. Ris	sk Management
The I	Foundation's Risk Management document sets out the
ounc	dation's broad approach to risk. It is useful to consider the
follov	ving main risk categories:
	Capital - loss of capital and price volatility
_	
	so without significant penalty
П	Market - inflation, forex, interest rate and unregulated
	markets
	Valuation – investments without a ready or substantial
_	market making value difficult to assess
	Counterparty - third parties such as banks and stockbrokers
_	who could default
	Tax - specific tax treatment of what would normally be seen
_	as specialised investment instruments
	Environmental, social and governance (ESG) - much to do
	with reputational risk by investing in organisations that do
	not meet standards expected by supporters or indeed the
	reasonable view of the public at large
	The second secon
The I	Foundation has addressed these risks as follows:
u	investing in funds and shares always carry risk but a long
	term approach tends to moderate the impact over time
ч	grant making policy is rooted in making commitments based
	on available cash and not to take account of potential future
	flows. This eliminates the need to realise investments for
	grant making and means adverse market conditions can be
	ridden out with falls in value remaining uncrystallised and
	allowing markets to recover.

		all deposits and investments will be made with organisations
		regulated in the UK carrying FSCS protection.
		stockbrokers/investment platforms retained will be both UK
		based and regulated using a nominee account approach to
		protect client funds
		the portfolio is diversified through investing largely in pooled
		vehicles but also through adopting a global market reach.
		Investment in property may improve diversification but
		invariably carries problems of liquidity and concentration. In
		balancing these risks it has been decided currently not to
		invest in property.
		not to invest in instruments that do not have a liquid market
		or are highly specialised in nature
		ESG is not considered a significant concern giving the
		investment vehicles embraced
5.	In	vestment Operational Management
		trustees have decided to undertake investment management
		themselves and appoint a trustee as the lead manager.
		the current lead manager is trustee David Parry who the
		trustees believe has the knowledge and experience to fulfil
		this task.
		trustees will review the lead manager position regularly.
		the Foundation's general approach is to make all documents
		and records readily available to all trustees taking
		advantage of a cloud based arrangement. In addition a full
		review of investment and endowment fund activities will be
		undertaken by trustees annually normally to coincide with
		the Annual Report & Accounts sign-off. This arrangement
		supports the internal check oversight.
		in overseeing investment and endowment fund activities, the
		trustees will consider:
		> share and fund performance against targets and relevant
		market benchmarks

- proportion of funds held as cash taking account of grant commitments and operational costs
- > adequacy of records and documentation maintained
- > bank and investment portfolio statements
- > frequency of reviews
- > investment direction and strategy
- > risk profile and brief
- > effectiveness of current management of investments and endowment fund
- > whether they need independent advice

There is the additional risk of dependency on key trustees to manage the investment portfolio for the Foundation. The trustees are aware of this risk and although it would not be difficult to outsource this work at relatively short notice it would carry not insignificant additional costs. Taking a longer term view, the trustees are looking to recruit new trustees and friends of the Foundation as part of the succession and key roles cover planning.

Appendix I

Section 511 CTA 2010 (for charitable companies) and section 558 ITA 2007 (for charitable trusts) list the 12 types of investments that are accepted as qualifying investments. These can be summarised as follows:

any investment in a charity common investment fund,
common deposit fund or similar scheme
any interest in land (unless it is held as a security or a
guarantee for a debt)
shares or securities of companies listed on a recognised
stock exchange
units etc. in a Unit Trust Scheme
units in an Open-Ended Investment Company

	bank deposits - other than deposits made as part of an arrangement under which the bank makes a loan to somebody else (e.g. back to back loans)
	certificates of deposit
	any loan or other investment made for the benefit of the charity and not for the avoidance of tax (whether by the charity or any other person)
fo loc ch Se	ne final category above (any loan or other investment made or the benefit of the charity) (type 12) relates, in part, to ans that are made by a charity as investments. However, a narity may make loans for purposes other than investment. Ection 514 CTA 2010 and section 561 ITA 2007 provide rules respect of these other types of loan.
In	vestments can be made in:
	hedge funds
	commodities
	derivatives
	non traded equity in private companies
_	non in adda equity in private companies
	interest bearing loans to a company or the government