

1. Introduction

This document sets out the current endowment investment policy of Gloucestershire Community Foundation (GCF) in accordance with good practice recommended by UKCF and the Charity Commission. It is subject to regular review.

2. The Needs of the Charity and its Beneficiaries

Central to GCF's mission is the development of an endowment fund, providing sustainable support for local communities in the long term. GCF aims to achieve a balance between meeting current needs and developing the endowment to meet the needs of future generations.

3. Investment of Donations

As long as a reasonable rate of return can be obtained, funds derived from revenue donations for grants and staffing/support costs are retained in bank accounts to meet current needs.

Donations to the endowment fund are held in a bank account. The money is transferred to the Investment Managers for investment either immediately or is held temporarily on deposit depending on market conditions.

4. Powers of Investment

Under Clause 5(k) of GCF's Articles of Association, the Trustees have wide powers to apply or invest GCF's monies as they shall in their absolute discretion think fit.

5. Investment Objective

GCF operates a total return approach on its investment portfolio. The objective is to achieve a total return at a level equal to or above inflation plus 4% pa using a moderate risk investment strategy, and with a long-term horizon of at least 5 years. The actual level for grant making is set each year using the inflation plus 4% level of return as a benchmark.

6. Investment Approach and Strategic Asset Allocation

The investment objective is to be achieved by investing prudently and cautiously in a broad range of fixed interest securities, UK and overseas equities and other investment classes. Asset allocation is agreed from time to time together with the investment managers.

7. Investment criteria

The Foundation seeks an ethical, sustainable and socially responsible investment process when selecting investments, in addition to the objective of achieving a competitive financial return.

GCF's policy is to not hold investments in companies that derive more than 20% of their turnover from the following activities ("negative screening criteria"):

- Alcohol
- Conflict minerals (Tantalum, Tin, Tungsten and Gold) mining or distribution
- Fossil fuel extraction or distribution (coal, oil, gas)
- Gambling
- Illegal deforestation
- Pornography
- Tobacco
- Anti-personnel landmines, cluster bombs and biological and chemical weapons

GCF only invests in companies with a strong Environmental, Social & Governance ("ESG") performance, as identified by an internationally recognised accreditation, so that the impact of the investments is better than the neutral status that the negative screening approach above will yield

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the Investment Manager.

8. Investment Managers

The management of the funds is currently delegated to Rathbone Brothers Plc. In common with other Community Foundations, endowment funds arising from Community First are managed by CCLA. The Investment Managers have delegated discretionary powers of investment operating within the following asset allocation profile and ESG performance constraints:

- Maximum equity allocation of 80%, not constrained between UK/overseas
- Minimum fixed rate allocation of 15%, all of which must be investment grade
- Maximum diversifiers, including property, of 20%
- A maximum of 5% of the total value of the endowment fund to be held in any single issuer
- All investments to be traded on quoted markets or exchanges
- MSCI ESG rating of at least "BB"

The Trustees review the Investment Manager's appointment each year and conduct a re-assessment every three years.

Reporting:

Each of the Investment Managers report to the Trustees as follows:

- a quarterly portfolio valuation and analysis of performance
- annual meetings with the Trustees or more frequently if necessary
- regular contact between the Investment Managers and the Foundation's Chief Executive and/or Finance Manager.

9. Investment performance

Performance of the investment portfolio is monitored against the investment objectives and also against other appropriate benchmarks, including MSCI PIMFA balanced¹

¹ Personal Investment Management and Financial Advice Association (PIMFA) Private Investor Index Series. <https://www.msci.com/pimfa-private-investor-indexes>