



Financial Reserves Policy & Investments Policy

Financial Reserves Policy

1. The main repository for the Trust's reserves will remain the **Conservation Development Fund**, into which all pecuniary legacies will be placed.
2. Within the Conservation Development Fund a minimum balance covering 6 months of the latest operating costs (source – latest Group Revenue Budget) plus the latest full pension deficit balance reported be retained as a core reserve to be invested for long-term income and growth.
3. A 50/50 split for income/growth will be maintained.
4. All income from the Conservation Development Fund should be used for revenue activities.
5. The balance outside the minimum balance defined in 2. above is available for projects at the Trustees discretion.
6. Professional advice is sought to develop a policy and to evaluate the options for investing within this (including a comparison of ethical versus conventional).
7. The Investment Committee will review the levels of cash in the general undesignated funds for transfer to, or from, the Conservation Development Fund, on an annual basis.
8. Financial reserves policy to be reviewed every three years.

Investment Policy

The objectives of the policy are: to ensure the creation of sufficient income and capital growth: to enable the charity to carry out its purpose consistently year by year, with due and proper consideration for future needs: and the maintenance and, if possible, enhancement of the value of the invested funds.

1. Investment Powers

The Trustees will invest the funds in accordance with the Trustee Act 2000. Within the Act the Trustees:

- Shall exercise such power with the care that a prudent person of business would be making investments for a person for whom they felt morally obliged to provide;
- Shall not make any speculative or hazardous investment (and for avoidance of doubt this power to invest does not extend to laying out money on the acquisition of future and or trading options);
- Shall have regard to the need for diversification of investments in the circumstances of the charity and to the suitability of the proposed investments;
- With the exception of the British Government Securities the initial investment in one holding should not exceed 5% of the total value of the portfolio and the sum of all holdings in excess of 5% must not be equal to or exceed 40% and where no individual holding will be greater than 10%;
- No investments would knowingly be made in any companies whose activities are directly contrary to the Trust's purposes.
- The Trust will look to move to having 50% of its holdings in Investment companies and Trusts to be invested in ethical trusts. This will be done over the next three years as the stockbrokers see fit to switch investments.
- Any holdings that no longer meet the criteria of this investment policy will be divested within six months of the authorisation of this policy.

Additionally, the Trustees have a duty to review their investments at regular intervals. The Trustees will review the investment policy at least annually. The Trustees may change any part of the policy at any time.

The investment manager must be an authorised person who is entitled to carry out investment business under the provisions of the Financial Services Act 1986.

The Trustees have delegated the powers of investment management to brokers. The appointment of brokers will be reviewed on a regular basis. The Trustees will instruct the investment manager to manage a portfolio to an agreed risk level as defined by the investment manager. This is currently recommended as a risk level 5 which is medium risk as defined by the current investment managers Hargreave Hale.

2. Performance

The total value of the portfolios will be measured by reference to the FTSE All Share Index. In addition the Investment manager will show performance of the portfolio versus the ARC Charity benchmark.

3. Cash Deposits

Cash deposits are placed with approval banks with suitable credit ratings. Cash deposits may also be retained by the brokers as part of the investment portfolio.

4. Policy review

The investment policy will be reviewed every 3 years.