

# **Lundy Field Society**

## **Investment policy**

### **1. Introduction**

The Lundy Field Society (LFS) is a charity governed by the objectives set out in its constitution which includes the option of investing its reserves. It has short term reserves that cover annual operating costs and support its principal activities including grant making, and supporting conservation working parties. Short term reserves are also held to cover unanticipated cash flow needs. In addition it has long term reserves available for investment.

### **2. Investment objectives**

The investment objective for the long term reserves is to generate a return in excess of inflation over the long term whilst generating an income to support the on-going activities and objectives of the LFS.

The LFS seeks to produce the best financial return within an acceptable level of risk subject to the conditions laid out in this policy.

### **3. Risk**

#### **3.1. Attitude to risk**

The LFS is reliant on membership subscriptions and donations for its activities. Investment assets are held as reserves.

The key risk to the long term reserves is inflation, and the assets should be invested to mitigate this risk over the long term. The trustees understand that this is likely to mean that investment will be concentrated in real assets and that the capital value will fluctuate.

The short term reserves are held to provide financial security, and may be required at short notice. As such capital volatility cannot be tolerated and investment of these assets should be focused on minimising this.

#### **3.2. Assets**

The assets of the LFS can be invested widely and should be diversified by asset class, by manager and by security. Asset classes could include cash, bonds, equities, property, hedge funds, structured products, private equity, commodities and any other asset that is deemed suitable for the Society.

The trustees are charged with agreeing a suitable asset allocation strategy for the reserves with the investment manager. This responsibility may be delegated to a sub-committee.

#### **3.3. Currency**

The base currency of the investment portfolio is sterling.

Within the long term reserves, investment may be made in non-sterling assets.

Short term reserves should be held in sterling.

### **4. Liquidity**

The investment of the long term reserves aims to balance the needs of current and future beneficiaries and as such aims to set a sustainable income target, whilst ensuring the capital is expected to grow in line with inflation over the long term. A target return on investments will be agreed with the investment manager on an annual basis, to enable effective financial planning.

Due to the nature of the long term reserves the LFS recognises that there is no short term need to draw down the reserves and as such there is no requirement for short term capital liquidity within the investment portfolio.

All of the short term reserves should be realisable within one month.

## **5. Time Horizon**

The LFS has divided its reserves into those expected to be held for a long term time horizon and those that may be needed in the short term.

The LFS is expected to exist in perpetuity and investments should be managed to meet the investment objective and ensure this sustainability.

The Society can adopt a long term investment time horizon. This is considered to be a minimum of ten years.

## **6. Ethical Policy**

The assets of the LFS should be invested in line with its aims and has adopted an ethical investment policy to ensure that its investments do not conflict with its aims. The ethical investment policy is annexed to this statement.

## **7. Management, Reporting and Monitoring**

### **7.1. Management**

The LFS has appointed a professional investment management firm to manage the assets on a discretionary basis, in line with this investment policy. The LFS has a list of authorised signatories, two of which are required to sign instructions to the investment manager.

### **7.2. Reporting**

The investment manager will provide the following information on a quarterly basis: valuation of investments, transaction report, cash reconciliation, performance analysis and commentary. This information will be reported annually at the AGM by the Honorary Treasurer.

### **7.3. Monitoring**

The trustees have responsibility for agreeing strategy and monitoring the investment assets.

Performance of the long term reserves will be measured against inflation and agreed market indices. The return of the short term reserves will be monitored against benchmark cash rates. The level of capital volatility will be monitored to ensure the risk profile remains appropriate for the Society.

## **8. Approval and Review**

This investment policy was agreed by the Executive Committee of the Lundy Field Society to provide a framework for the management of its investment assets. It will be reviewed on an annual basis to ensure continuing appropriateness.

Version 1	<i>Drafted January 2019</i>	<i>Approved by the Executive Committee 13th January 2019</i>
Version 2	<i>Reviewed by the Investment sub-committee, July 2020</i>	<i>Approved by the Executive Committee 4th August 2020</i>
Version 3	<i>Reviewed by the Investment sub-committee, September 2023</i>	<i>Approved by the Executive Committee 24th September 2023</i>

## **Annexe – Ethical Investment Policy**

Following the Executive Committee's responses to an ethical investment style finder questionnaire, the following weighting against a number of ethical investment styles was calculated.

Negative Ethical: 33%

Ethically Balanced: 100%

Sustainability Themed: 100%

Environmentally Themed: 66%

Note: the negative ethical term refers to a desire to avoid investing in items such as tobacco and armaments, but also nuclear power and other options. Ethically balanced refers to a broad interest in positive ethical investments i.e. not overly focused upon one project.