



SFCP investment policy statement

(Revised at Trustees meeting, 23 October 2020)

1. The SFCP's investment overall investment objectives are to secure capital growth and income from a discretionary managed portfolio which has a medium low risk profile* and income mandate. The trustees have opted to take a cautious approach to investment risk as custodians of the Charity's funds.
2. The Trustees of the society have acted in accordance with Charity Commission Guidance and outsourced the management of the portfolio to a recognised and independent firm of professional discretionary managers. At the moment this firm is Charles Stanley. The portfolio is being managed on an agreed medium low-income mandate which best meets the charity's risk tolerances and investment objectives.
3. The independent reference benchmark is the** PIMFA Income Total return Index. (<https://www.pimfa.co.uk/indices>). This index reflects the asset allocation appropriate for private investors with a medium low risk profile. This index is independently calculated and published. It is a standard investment industry comparator index. The asset allocations of the index are changed from time to time to reflect market conditions.
4. The charity's investment portfolio is reviewed quarterly with formal half yearly reviews. The reviews will state clearly the investment performance achieved and will reference these in absolute terms. The reference benchmark is also quoted for ease of comparison.
5. The Trustees will review the appointment of the investment managers if the portfolio underperforms for an 18-month period.
6. The portfolio is managed with reference to ESG and ethical/green investment criteria wherever possible.
7. The Trustees have requested no direct investment in armament companies, companies involved or associated with unwarranted environmental abuse, companies that harvest tropical hardwood, companies involved with the production or sale of pornography, companies involved with unnecessary animal testing (notably in the non-pharmaceutical area) or the meat industry, tobacco companies, companies which are involved in human rights abuses, the nuclear industry, companies involved in fossil fuels, companies involved in gambling, companies involved in unfair consumer credit practices, companies involved in genetic modification of animals and the food chain, companies involved with irresponsible marketing of alcohol.
8. The trustees recognise that where suitable ethical funds cannot be identified by the managers, then alternatives can be used in the interests of promoting investment diversification in line with the low risk mandate.
9. The trustees would look to invest in companies involved in positive social and environmental change through energy efficiency, technological innovation and high positive ESG scores.
10. The trustees recognise that the expenditure that the Charity makes cannot be met from portfolio income. This means that expenses will be covered by capital as well as income. The position will be reviewed bi-annually by Trustees and the Treasurer. The investment policy will be re-visited annually.

*medium low risk mandate

Medium Low Risk	Investments in short and medium dated Government securities (gilts), investment grade corporate bonds and corporate bond funds will be considered. Longer dated fixed interest securities may be included to cover longer term liabilities. In order to target potentially higher returns other, possibly riskier, asset classes will also be considered. The equity element of these portfolios will be invested mainly in medium to large capitalisation companies, index trackers and absolute return funds, together with other collective investments which may be used instead of direct equities in medium and large cap companies, as well as to gain exposure to smaller capitalisation and overseas companies. Generally, these investments will experience some volatility due to their exposure to UK and International equity markets.
------------------------	---

**<https://www.pimfa.co.uk/indices/>