Policy Name: Investment Policy

Policy Number: 3.16

Date: September 2024

1. Introduction

Sidcot School is registered as an educational charity, which provides first class independent education in accordance with the principles of the Religious Society of Friends, for the education of the children of members of the Society of Friends and others.

2. Appointed Fund Manager

Evelyn Partners Investment Management LLP have been appointed as the fund manager of the portfolio. The portfolio is managed on a discretionary basis.

3. Investment Objective

Sidcot School seeks to produce the best financial return within an acceptable level of risk.

The investment objective for both the restricted and unrestricted funds is to generate a total return of CPI + 3% over a rolling three year period, with a minimum annual income return of 2.5% of the value of the portfolio at the start of the School's financial year.

4. Risk Tolerance

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

Assets can be invested widely and should be diversified by asset class and security. Asset classes could include equities, bonds and cash, but not direct property investment, derivates or hedge funds.

The investment manager will ensure that all investments are suitable and constitute a degree of diversification as required by Section 4 of the Charities Act 2000.

5. Benchmark

The primary benchmark is the Consumer Price Index (CPI) plus 3% per annum.

A secondary benchmark, which is designed to show how the portfolio is performing in the context of market conditions, is the MSCI Personal Investment Management & Financial Advice Association (PIMFA) Balanced Total Return Index.

6. Investment Restrictions

All direct investments should be relatively liquid and readily realisable in normal market conditions. The investment manager must not invest in direct property, derivatives or hedge funds. Please refer to the Ethical Investment Policy Statement for details of any ethical investment restrictions.

7. Changes to the Policy

This policy will be reviewed annually.

8. Statement of Responsible Investment

The trustees require the Investment Manager to adopt a responsible approach to investing, incorporating ESG (Environmental, Social and Governance) considerations in their investment process and actively engage with companies as well as voting on the Trust's behalf. An annual report should be provided which demonstrates Evelyn Partners sound stewardship.

9. Direct Investments

We accept that listed companies are often complex, with varied sources of revenue. However, the aim is to avoid direct investment in companies which generate more than 5% of revenue from the following business activities:

- Gambling
- Tobacco
- Alcohol
- Conventional weapons, including systems, components and support systems and services
- Thermal coal or oil sands
- High interest rate (predatory) lending.

In addition, we wish to avoid direct investment in

- Companies which generate any revenue from non-conventional weapons, which includes bio/chemical, nuclear, depleted uranium, cluster munitions and landmines,
- Companies which generate more than 3% of revenue from adult entertainment.

The investment manager should have regard for the way in which companies conduct themselves, taking particular account of their corporate governance.

In addition, the aim is to invest in companies whose products and services are of benefit to humankind, with minimal harmful impact and an emphasis on meeting basic needs rather than luxuries. They do not however automatically rule out companies whose activities might be considered largely frivolous if their customers are not predominantly the privileged in society.

They recognise however that a proper diversification of the portfolio may entail holding companies in market sectors where no company comes up to standards they would ideally like to see.

10. Pooled Funds

We would prefer to avoid investing indirectly in any of the above-named excluded sectors and sub-sectors where possible. However, it is recognised that collective investment funds can hold many different investments, which can only be monitored on a best endeavour's basis. The benefits of using collective investment funds are recognised, namely for added diversification and exposure to areas of the global market where specialist expertise is warranted.

Therefore, we wish to only invest in collective investment funds where the fund managers confirm their compliance with the principles set out under UNPRI (United Nations Principles for Responsible Investment). The trustees can then rest assured that broad environmental, social and governance issues form an integral part of each manager's investment process.

11. Document Change History

Date of change	Detail significant changes and any new legislation / guidance taken into account
Oct 23	Changes to name of investment adviser
July 24	No changes