



SLBI INVESTMENT POLICY

Charity Registration Number: 214251

Date of Revised Investment Policy Statement: 09.03.2023

1. Introduction

1.1 SLBI is a registered charity and Company limited by Guarantee established by Memorandum and Articles of Association, whose objective is to further the study of botany and related subjects.

1.2 Under the Memorandum and Articles of Association the Charity has the power to make any investment which the Trustees see fit. The present policy is to hold all investment assets in CCLA Investment Management (Charity fund managers), using the higher ethical level funds whenever possible.

1.3 The financial objective of the SLBI is to at least maintain the real value of the assets whilst generating a stable and sustainable return to fund part of the charity's activities. The inflation measure most relevant to the SLBI's expenditure is the Retail Price Index.

1.4 The SLBI has approximately **£853,000 as at 31 March 2023** of investment assets, in managed funds held with CCLA. These are the bulk of the charity's assets, other than the building. Income from investments finances some of the charity's activities and overhead costs.

1.5 The SLBI aims to raise £20K-£25K per annum from investments to support activities, but this can vary from year to year depending on investment returns.

1.6 The trustees of the SLBI have retained decision-making on investment matters, with non-professional support from the Treasurer and other members of the Finance Sub-committee. However, third party professionals may be brought to advice on complex transactions. We will take professional advice when reviewing the investments as a whole and as necessary on other occasions. Trustees recognise that diversification and professional management can offer better risk control in both short and longer-term.

Founded in 1910 by A O Hume

2. Investment Objectives

2.1 The SLBI seeks to produce the best financial return within an acceptable and manageable level of risk.

2.2 The investment objective is to generate a return of inflation plus 4% per annum over the long term, after expenses. This should allow the SLBI to at least maintain the real value of the assets, whilst funding annual expenditure in the region of 3% per annum.

2.3 The SLBI adopts a total return approach to investment, generating the investment return from income and capital gains or losses. It is expected that if in any one year the total return is insufficient to meet the budgeted expenditure, in the long term the real value of the SLBI will still be maintained in accordance with the investment objective above.

3. Risk

3.1 Attitude to risk

The SLBI relies on the investment return to part-fund the activities. The key risk to the long-term sustainability of the SLBI 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 trustees are able to tolerate volatility of the capital value of the SLBI, as long as the SLBI is able to meet its short-term commitments through either income or liquid capital assets.

3.2 Assets

The SLBI's assets can be invested widely and should be diversified by asset class, by CCLA 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 SLBI.

Trustees nominated by the other trustees are charged with agreeing a suitable asset allocation strategy with the investment managers, which is set so as to achieve the overall SLBI investment objective.

3.3 Currency

The base currency of the investment portfolio is Sterling.

Investment may be made in non-Sterling assets, but should not exceed 40% of the total investment portfolio value.

Hedging is permitted under a controllable manner.

3.4 Credit

The SLBI's cash balances should be deposited with institutions with a minimum rating of AAA or invested in a diversified money market fund.

Trustees agreed in 2020-2021 to dispose of shares and place all investments in CCLA, for both performance and ethical reasons. The deposits are therefore not spread by counterparty and are not subject to a maximum exposure of £200k per institution.

Cash deposits should be subject to the FSCS guarantee limit, currently £85k. This only applies to bank accounts not Deposit Fund Investments.

Trustees do not wish to invest further in bonds, given current conditions.

4. Liquidity Requirements

4.1 The SLBI aims to generate investment income of £20-£25K per annum.

4.2 The trustees wish to keep at least 25% of the assets in investments that can be realised within three months.

4.3 To allow for volatility of capital values, the trustees wish to maintain at least 3 years' worth of budgeted income in cash or lower risk liquid investments.

4.4 Up to 10% of the total assets should be kept in cash or near cash investments at all times.

5. Time Horizon

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

5.2 The SLBI can adopt a long-term investment time horizon.

6. Ethical Investment Policy

6.1 The SLBI assets should be invested in line with its aims. The trustees do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the SLBI's purpose.

7. Management, Reporting and Monitoring

7.1 The SLBI has appointed one professional investment management firm, CCLA, to manage the assets on a discretionary basis in line with this policy. Investment managers provide custody of assets. Managers produce a valuation and performance report quarterly.

7.2 The SLBI has nominated a list of authorised signatories, two of which are required to sign instructions to the investment manager.

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

7.4 The Finance Sub-committee will review the portfolio to agree strategy and monitor the investment assets and review the portfolio (including an analysis of return, risk and asset allocation). Performance will be monitored against agreed market benchmarks, and against the investment objective of CPI inflation plus 4% over the long term.

Quarterly report will be presented to the Finance Sub-committee

7.5 The Finance Sub-committee will report formally to the full trustee board on at least an annual basis. This report should include a review of asset allocation strategy, performance, risk profile and consistency with long term investment objective.

8. Approval and Review

This Investment Policy Statement was prepared by the Treasurer of the SLBI to provide a framework for the management of its investment assets. It will be reviewed on an annual basis to ensure continuing appropriateness.

Approved by the trustees

Signed

Dated

Noted by the Trustee

Board Dated

Reference Minute