

## **Investment Policy**

### **Introduction**

This policy has been added following the Edna Mayer legacy donation in June 2023. It describes the policies that the PCC has adopted for investment, including the PCC's other investments.

### **Investment description**

The Mayer legacy is a large single investment held by the church. It was given to provide an income for ongoing maintenance and capital at St Giles' Church. It is restricted to the St Giles' Fabric Fund.

Other investments held by the church are in a mixture of property, CCLA investments and bank accounts.

### **Investment objectives**

Most investments held by the church are in restricted funds, but all except the few endowment funds have no restriction on the PCC spending the capital if needed. Whilst the loss of capital means a lower future income, this allows for flexibility on the PCC's behalf.

The Mayer legacy is also intended to provide a long-term fund for the future of St Giles' church. Given the major restoration programme in 2016-17, there is currently a limited need to spend major capital on the church, so the initial objective for this fund will be to provide capital growth exceeding inflation. This will be achieved by a variety of tracker funds, offering diversification across a range of risk profiles between bonds, gilts, developed and emerging markets.

The church also has two flats above St Andrew's and has applied for planning permission to provide a further two flats in the lower part of the building. The income from the rental of these flats has been used for general church funds, supporting the work of the church. With a potential four, 2-bed flats, the PCC currently believes that this is sufficient concentration in one asset class.

There are investments held in the Church of England's general investment account, mainly providing a small income and some capital maintenance.

Finally, balances have been held in two interest-bearing cash accounts for about 10 years in anticipation of developing firstly two houses the St Andrew's garden and then three/four flats above the central part of St Andrew's. This money is currently expected to be spent in the coming months on a new roof and conversion of the ground floor at the rear of the building to flats.

### **Time horizon, attitude to risk and liquidity requirements**

With the exception of cash, which in hindsight should have been partially invested to preserve value against inflation, investments have a minimum time horizon of 5 years, but in general, the PCC expects this to be much longer.

With the Mayer investment, given the reduced need to provide capital or income for the short-medium term, the PCC's attitude to risk is greater, with the willingness to accept the risk of capital loss in the pursuit of long-term growth as past performance over 10 year periods has generally been positive.

The PCC will review liquidity requirements as they anticipate major spending, but maintains 3 months' general expenses in the current account and also has a number of income sources, from donations, flat rental and hall hires, which tend to provide a sufficient income for its general needs. Capital and major maintenance are financed through either investment income or capital sales.

### **Ethical policy and restrictions**

At the PCC meeting in June 2023, the PCC discussed how it should approach investing in the paper approved by the PCC regarding the Mayer investment decision. This paper stated that, in the case of tracker funds, most companies in these indices are improving their ESG (ethical) standards, and the percentage holdings in less desirable companies is likely to be very small. Building a portfolio restricted to certain companies only is harder to do with a tracker fund. This policy will be continued, with an awareness that the PCC will not actively seek out companies with low ESG scores.

The only restrictions on investments are that the PCC will not, except if expressly approved in a PCC meeting, directly invest in companies or in entities / funds where the underlying investment is controlled by trustees. Any potential conflicts of interest must be reported to the PCC.

### **Asset classes and performance benchmarks**

The PCC does not set a range for asset classes, preferring to have a diverse stream of income and capital sources. The Mayer investments will be held in bonds, gilts and stock market tracker funds, other investments are held with the CCLA actively managed funds, property and cash. The PCC considers these to be a diverse mix, but will continue to review this.

Overall, the PCC looks for mixture of capital preservation against inflation, and / or an income stream from its investments, hence the majority being in property and listed investments. Overall, the PCC seeks to beat inflation from its investment returns on the Mayer investment.

### **Management and reporting**

The PCC has delegated the investment details for the Mayer legacy, following an approval of the principle, to a sub-group consisting of the Treasurer, two Churchwardens and PCC Secretary. They will report back to the PCC on major changes in the investment. As part of the wider remit, the Treasurer will report to the PCC and members of the church, on investments as a whole as part of their regular reporting requirements.

### **Approval and review**

This policy was approved by the PCC on the date below and will be reviewed at least every two years.

Signed \_\_\_\_\_

Date \_\_\_\_\_