

The Pearce Foundation Investment & Reserves Policy

1. Introduction

1.1 The Pearce Foundation is a Charitable Incorporated Organisation (CIO) whose objectives are, “to provide grants for such charitable purposes, for public benefit, that are exclusively charitable according to the laws of England and Wales as the trustees may from time to time determine.”

1.2 The financial objective of the Foundation is to maintain the real value of the assets whilst generating a stable and sustainable return to fund grant making.

1.3 The Foundation has investment assets which will finance the grant making activities.

1.4 The Foundation aims to distribute grants of between £5,000.00 and £10,000.00 per annum but this can vary from year to year depending on grant making opportunities and investment returns.

1.5 The Founder and Chair, Jane Robbie, will manage the investment portfolio with the support of qualified investment professionals. Financial Advisor, Ronald Olufunwa (Westminster Wealth Management) will meet with the Trustees twice to help review financial strategy until 2026.

2. Investment Objectives

2.1 The Pearce Foundation seeks to produce the best financial return within an acceptable level of risk.

2.2 The investment objective is to generate a return of inflation plus 5% per annum over the long term. This should allow The Pearce Foundation to reduce the value of assets slowly up to a 10 year period if no other donations are received.

2.3 The Pearce Foundation adopts a total return approach to investment, generating the investment return from income and capital gains or losses. If in any one year the total return is insufficient to meet the budgeted grant making expenditure, the trustees will either look to spend some of the capital or look to reduce the amount of grant giving that year.

3. Risk

3.1 The Pearce Foundation relies on the investment return to part fund grant making. The trustees understand that investments could rise and fall in value, and that the capital value will fluctuate as a result. If investments fall for 2 consecutive years, or over 10% of the capital has been awarded or committed to grant giving later that year, a financial review will be prioritised at the subsequent Trustees meeting and a strategic approach adopted based on the recommendations of the Financial Adviser. It is important to note that a moderate attitude to risk is adopted to mitigate the risk of volatility over the long term.

3.2 Assets

The Pearce Foundation's assets will be invested wisely & widely to achieve the overall Pearce Foundation investment objective.

3.3 Credit

The Pearce Foundation's cash balances should be deposited with institutions with a minimum rating of A- or invested in a diversified money market fund.

4. Reserves

4.1 The Pearce Foundation aims to distribute grants of between £5,000.00 and £10,000.00 per annum. This can be funded from both income and capital, pending on investment performance.

4.2 To allow for volatility of capital values, the trustees wish to maintain at least 1 years worth of budgeted grant making in cash or lower risk liquid investments.

4.3 A minimum of 8% of the total assets should be kept in cash or near cash investments at all times. This will be sufficient working capital to meet routine payment requirements and at a level the Trustees consider necessary to meet normal requirements for a three-month period and to cover any potential unforeseen requirements. This working capital is kept in a Co-operative Charity & Community Current Account.

4.4 Where it is known that a large value of payments are to be made and insufficient resources are available in the Co-operative current account, funds should be transferred from long term savings or investment accounts with the approval of the Trustees.

4.5 An annual budget & strategy will be prepared each January for approval at the Trustee's meeting and minuted. The Chair will also review free reserve levels periodically to ensure that the maximum or minimum levels are not going to be breached. To the extent that there is a risk of a breach the Trustees will be informed.

5. Time Horizon

5.1 The Pearce Foundation is expected to exist in perpetuity or at least a minimum of 10 years. Investments should be managed to meet the investment objective and ensure this sustainability.

6. Ethical Investment Policy

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

7. Management, Reporting and Monitoring

7.1 An annual review will be conducted and the information shared with the trustees. This may include analysis of return, risk and asset allocation and future recommendations.

8. Approval and Review

The policy will be reviewed on an annual basis and approved by the trustees.

Date of Investment Policy Statement: September 2022

Date of next review: January 2025