

# Faculty of Public Health

Charity Registration Number: 263894

## Investment Policy Statement

(Updated September 2020)

### 1. Introduction

- 1.1 The Faculty of Public Health of the Royal Colleges of Physicians of the UK (Faculty of Public Health) is an unincorporated charity, whose purpose is to promote and protect the health and well-being of everyone in society. The Faculty of Public Health does this by promoting the public advancement of knowledge in the field of public health; developing and maintaining the highest possible standards of professional competence and practice; and acting as an authoritative body for the purpose of consultation and advocacy in matters concerning public health.
- 1.2 The Faculty of Public Health has annual income from membership subscriptions, fund raising, corporate partnerships and legacies of c£1.6m. Annual expenditure is c£1.6m. The Charity's reserve policy is to hold four to six months of planned expenditure as reserves to ensure continued financial security and to provide for contingencies.
- 1.3 The Faculty of Public Health has approximately £1.5m of reserves for investment. A portion of these reserves has been identified as long term reserves (£1.25m), with the remainder being held as short term reserves, to meet unanticipated cash flow needs. The long term reserves should be invested to grow at least in line with inflation, the short term reserves should be invested emphasising certainty of value.
- 1.4 The Board of the Faculty of Public Health has delegated investment decisions to the Risk Management, Audit and Finance Committee (RMAFC). Investment management is delegated to an authorised professional investment manager, regulated by the FCA.

### 2. Investment Objectives

- 2.1 The Faculty of Public Health seeks to produce the best financial return within an acceptable level of risk.
- 2.2 The investment objective for the long term reserves is to generate a return in excess of inflation over the long term whilst generating an income of at least £35, 000 to support the on-going activities of the Faculty of Public Health.
- 2.3 The investment objective for the short term reserves is to preserve the capital value with a minimum level of risk. Assets should be readily available to meet unanticipated cash flow requirements.

### 3. Risk

#### 3.1 Attitude to risk

The Faculty of Public Health is reliant on fund raising and donations for its activities.

Investment assets are held as reserves.

The key risk to the long term reserves 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 short term reserves are held to provide financial security, and may be required at short notice. As such capital volatility cannot be tolerated and investment of these assets should be focused on minimising this.

### **3.2 Assets**

The Charity's assets can be invested widely and should be diversified by asset class, by manager 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 Charity. The finance committee is charged with agreeing a suitable asset allocation strategy for the reserves with the investment manager.

### **3.3 Currency**

The base currency of the investment portfolio is Sterling.

Within the long term reserves, investment may be made in non-Sterling assets, but should not exceed 50% of the total investment portfolio value. Hedging is permitted.

Short term reserves should be held in Sterling.

### **3.4 Credit**

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

Deposits should be spread by counterparty, subject to a maximum exposure of 25% of the total cash balance per institution.

## **4. Liquidity Requirements**

4.1 Income from the long term reserves will be used to fund the Charity's activities. A target income will be agreed with the investment manager on an annual basis, to enable effective budgeting.

4.2 Due to the nature of the reserves, the board wish to keep at least 90% of the long term reserves in investments that can be realised within three months. All of the short term reserves should be realisable within one month.

## **5. Time Horizon**

5.1 The Faculty of Public Health has divided its reserves into those expected to be held for a long term time horizon and those that may be needed in the short term.

## **6. Ethical Investment Policy**

6.1 The Faculty of Public Health has adopted an ethical investment policy to ensure that its

investments do not conflict with its aims. There is a proven link between the compromise of public health and the consumption of alcohol, tobacco, saturated fats and high levels of refined sugar. There is also an adverse impact on public health through war, low income, poor general education and the use of fossil fuels.

- 6.2 The Charity's ethical investment policy precludes all direct investment in tobacco and weapons production. Direct investment in alcohol, high fat/sugar food products and fossil fuels should each be limited to a maximum of 5% of the revenue of a company. Investment managers will use their best endeavours to meet the same limits in relation to collective investments.

## **7. Management, Reporting and Monitoring**

- 7.1 The Charity has appointed a professional investment management firm to manage the assets on a discretionary basis, in line with this investment policy. The Charity has nominated a list of authorised signatories, two of which are required to sign instructions to the investment manager.
- 7.2 The manager will provide the following information on a quarterly basis: valuation of investments, transaction report, cash reconciliation, performance analysis and commentary
- 7.3 The RMAFC have responsibility for agreeing strategy and monitoring the investment assets. The committee will review the information provided by the investment manager at each quarterly meeting. The investment manager will be required to present in person to the committee on at least an annual basis.
- 7.4 Performance of the long term reserves will be measured against inflation and agreed market indices. The return of the short term reserves will be monitored against benchmark cash rates. The level of capital volatility will be monitored to ensure the risk profile remains appropriate for the Charity.

## **8. Approval and Review**

This Investment Policy Statement was prepared by the RMAFC of the Faculty of Public Health to provide a framework for the management of its reserves. It will be reviewed on an annual basis to ensure continuing appropriateness.

Approved by the Faculty of Public Health Board  
30 September 2020