

**Policy:** Investment Policy Statement

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**First approved:** 3 October 2013

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**Last reviewed:** 07 Dec 2023

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**Next review due:** December 2024

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## **1.0 Background**

The Trust was set up in 1949 by Sir Harry Jephcott, when he was Managing Director of Glaxo Laboratories Limited.

The objectives of the Trust as expressed by Sir Harry are:

- The education and alleviation from poverty of past and present employees of the pharmaceutical industry, and their dependents
- The promotion of good standards of health in the community, including recreational facilities and medical welfare
- Such charitable activities as the trustees may determine.

Under the Trustees' current policy, grant giving is principally limited to organisations supporting both unpaid young carers and young people with criminal convictions, with available funding split equally between the two sectors.

The Trust also makes small gifts to individuals who have retired from the pharmaceutical industry.

## **2.0 Assets, Income and Expenditure**

The Trust's funds currently total about £23.5m invested and managed by Sarasin & Partners with a working cash balance of some £250,000 held directly.

The annual income is about £680,000 (including commission rebates) and the administration costs about £90,000 a year. The Trustees agreed in March 2022 to increase the annual grant spend to £1,000,000. This will involve distributing all the net income of £680,000 each year together with an additional amount drawn from capital when needed.

## **3.0 Investment Powers**

Clause 1 (1) of the Trust Deed of 3 December 1949 allows the Custodian Trustee to sell the Trust's investments and reinvest them, with the consent of the Managing Trustees, in such '...stocks, shares, funds, accounts, securities or other investments as the Custodian Trustee may in it absolute discretion think fit and as if it were the absolute and beneficial owner thereof.'

The Managing Trustees are the individuals who are currently the Trustees of the Trust. Some time ago the role of the Custodian Trustee was abolished and the Managing Trustees inherited the power to hold the investments.

The Trustee Act 2000 allows the Trust's investments to be held in nominee names.

#### **4.0 Investment Management – Sarasin & Partners LLP ('Sarasin')**

Sarasin were appointed investment managers in March 2008. Their Client Agreement consists of the following documents which were signed by the Trustees at the time and were last updated in May 2015:

- Discretionary Client Agreement

It has from the outset been agreed that all the funds would be invested in one of Sarasin's in house Common Authorised Investment Funds ('CAIF') for charities. The portfolio is invested in the Sarasin Endowments Fund (SEF). This fund has a mix of equities and bonds and its asset allocation is suitable for a charity fund such as the Triangle Trust 1949 Fund. The initial fund invested in March 2008 was £15.6m.

The agreed fee is: On the first £3m 0.75%, on the next £2m 0.6%, and above that 0.4%. So, on a portfolio of say £20m, the average fee is 0.475% pa. (Fees are exempt from VAT)

The Sarasin Endowments Fund has internal management charges from the fund managers Sarasin of 0.75%, which is charged to capital. There are other internal charges of about 0.22% pa. It is agreed that Sarasin will refund the excess of their internal fee (0.75%) over the agreed fee (say 0.475% for illustration), with the refund being paid on a quarterly basis in cash to the Trustees.

The account at Sarasin is managed by:

- Ruadhri Duncan (Partner)
- Alexander True (Business Partner)

The main contacts at the Trust are:

- Victoria Southwell (Director)
- Karen Drury (Chair)
- Alison Hope (Vice-Chair)
- David Loudon (Trustee with responsibility for the investment)

Quarterly written reports are provided by Sarasin, and the income is paid out monthly in agreed instalments of £55,000.

Sarasin usually reports personally to two Trustees' Meetings a year (and will circulate a report for review to the Trustees directly a week before the meeting).

## **5.0 Investment strategy**

By allowing the entire portfolio to be invested in the Sarasin Endowments Fund, the Trustees are agreeing to their investment strategy being aligned with that of the fund which is set out below, based on the following documents for the fund:

- Audited annual report 2017 for the Alpha CIF for Endowments which became the Sarasin Endowments Fund on 23 February 2018
- Alpha Common Investment Fund for Charities Scheme Particulars (1 March 2017 edition)
- Investment Mandate detailed in the Sarasin and Partners quarterly Investment Report for The Triangle Trust (30 June 2018)

### **5.1 Objective**

The objective of the Sarasin Endowments Fund is to achieve long term capital and revenue growth. It is intended that this will be achieved by investment in a broad diversified global portfolio covering the world's principal stock, bond and currency markets, together with investments in 'alternative' assets such as property and hedge funds.

The equity content will be diversified both by geography and by major investment themes. The fund may hold cash deposits from time to time where it would be in the interests of efficient management of the fund's assets. It is anticipated that this strategy will provide a conservative investment vehicle with potential for achieving long term total returns.

The equity content will have a bias towards sterling denominated or sterling hedged investments. The current Sarasin neutral allocation to sterling is 60%.

Property, private equity, hedge funds, structured products and commodities can be used to reduce the fund's volatility.

Where non-sterling assets are held, these may be hedged back into sterling to reduce some or all of the exposure to foreign currency movements.

### **5.2 Target**

The Trustees' funds are invested for long-term investment. The Trustees' target is in-line with Sarasin's own target for the SEF to achieve over the longer term real total returns (income and capital together), after inflation, of 4.0%pa. (In any single year the return may differ significantly from this target.)

### **5.3 Aim**

In assessing whether Sarasin are achieving what they set out to do, Sarasin have agreed that, from April 2013 their aim for this Trust is to exceed the Sarasin benchmark for the Sarasin Endowments Fund by 1%pa, net of fees, on a three-year rolling basis.

Performance is assessed against the return of the bespoke benchmark used by Sarasin Endowments Fund. Performance is also compared to similar charity funds and the ARC Steady Growth Charity Index.

## 5.4 Risk

The Trustees recognise that investment in equities involves some risk. The Sarasin Endowments Fund has a set risk profile of medium for the portfolio, which is matched using a balanced portfolio of equities and bonds, the equities being principally Large Cap Equities.

## 5.5 Asset Allocation

The asset allocation of the portfolio, which is that of the underlying fund used, to match the Objectives and Risk profile, will be as follows. This reflects a benchmark move to global equities with effect from 1<sup>st</sup> June 2023. The Benchmark for performance is set out beside each part of the portfolio under Bespoke. Low and High refer to the limits of discretion in Sarasin managing the SEF:

Asset Class	Indices	Strategic Allocation (%)	Ranges
Government Bonds	FTSE Gilts All-Stocks	7.5	0 - 35.0
Corporate Bonds	ML Sterling Corporate Bond	7.5	
Cash	1 Month LIBOR	00	0.0 - 10.0
<b>Total Bonds &amp; Cash</b>		<b>15.0</b>	<b>0 – 35.0</b>
Global Equities (£ hedged)	MSCI AC World Net TR (£ hedged)	10.0	10.0 - 30.0
Global Equities	MSCI AC World Net TR	60.0	30.0 - 60.0
<b>Total Equities</b>		<b>70.0</b>	<b>50.0 - 80.0</b>
Property		5.0	0.0 – 10.0
<b>Total Property</b>		<b>5.0</b>	<b>0.0 – 10.0</b>
<b>Total Alternatives</b>		<b>10.0</b>	<b>0.0 - 20.0</b>
<b>Total</b>		<b>100.0</b>	
<b>Sterling Weighting</b>		<b>40.0</b>	<b>50.0 – 100.0</b>

Sarasin also have the option to hedge overseas currencies to protect against a fall in the value of overseas investments due to overseas currency falls.

## 5.6 Other investments

Sarasin also manage the Sarasin Income & Reserves Fund which has different investment targets. Sarasin have the flexibility to use this fund as well, but will obtain the Trustees' approval before using it.

## 6.0 Socially Responsible Investment Policy ('SRI Policy')

The Trustees have said that they do not wish to invest in any company for which tobacco sales exceeds 50% of its income. However, as the funds are wholly invested in the Sarasin Endowments Fund, the SRI Policy of that fund applies to the investments as follows:

- It will not invest in companies that manufacture tobacco related products.
- It will avoid investing in companies if more than 10% of their turnover is in:
  - Alcohol manufacture

- Armaments
- Gambling
- Pornography.

The ethical restrictions are not considered to be so restrictive as to be likely to impact long term performance. The fund's performance is measured against a composite index of market indices that are unrestricted.

## **7.0 Investment Manager Review**

For governance purposes the Trustees will undertake a full review of the investment Manager in relation to the fund performance, service provided and fees charged at least every 5 years. The last review took place in September 2021.

## **8.0 Policy Review**

This policy statement has been agreed with Sarasin and approved by the Trustees at their meeting on 23<sup>rd</sup> June 2022. It will be reconfirmed or amended by the Trustees annually thereafter.