

# **Melanesian Mission UK**

## **(A company limited by guarantee)**

### **Investment Policy**

Registered number: 05101167

Charity Number: 1104551

#### **1. Introduction**

- 1.1 The Melanesian Mission (MMUK) is a Charitable Company which was incorporated on 14 April 2004. The Charity's principal objective is to advance the Christian religion by furthering the activities of the Anglican Church in the Solomon Islands, Vanuatu and New Caledonia, known as the Anglican Church of Melanesia. MMUK currently has approximately £2m of investment assets, which are currently invested through CCLA Investment Management Limited. These are assets of MMUK and provide income for current charitable activity.
- 1.2 The MMUK aims to balance the need of current and future beneficiaries. The capital remains invested to provide for future beneficiaries and the income is spent on current charitable activity.
- 1.3 The company is governed by members of a Board who are appointed as Directors under the Companies Act 2006 and as Trustees for charitable purposes.
- 1.4 The Trustees of MMUK have delegated decision making on investment matters to a sub group consisting of the Treasurer, Vice Chair and one other trustee. Members of the sub group will report back to the full board for final approval.

#### **2. Investment Objectives**

- 2.1 The Charity funds are invested to produce the best financial return within an acceptable level of risk
- 2.2 In addition to the general policy of investing ethically, MMUK seeks to follow an investment strategy that precludes investing in any company whose principal activities have an adverse impact on the underlying beneficiaries of MMUK.
- 2.3 The investment objective is to balance income and capital returns. The assets should be Managed to at least maintain the real capital value of the funds, whilst generating a sustainable level of investment income to support the current charitable activities.
- 2.4 The current income target is set at £100,000 per annum (a starting yield of 5%) and as such the overall investment objective is a return of inflation plus 5%pa, which will maintain the real valuation of the assets, whilst funding annual increase in expenditure in the region of 5% per annum.

### **3. Risk**

#### **3.1 Attitude to Risk**

MMUK relies on the investment income to fund current operations charitable activities. The stability of income is therefore important to the Charity.

The key risk to the long-term sustainability of MMUK 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 equities and that the capital value will fluctuate.

The trustee's attitude to risk is medium.

#### **Assets**

The Charity's assets can be invested widely and should be diversified by asset class, by fund and by security. Asset classes could include cash, fixed interest, equities, property, infrastructure. Managers may invest in collective funds/investment trusts etc. and any other asset that is deemed suitable for the Charity.

The finance committee are charged with agreeing a suitable asset allocation strategy for the reserves with the investment manager.

#### **3.2 Currency**

The base currency of the investment portfolio is Sterling.

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

Short term assets should be held in Sterling.

#### **3.3 Credit**

The charity's cash balances should be deposited with institutions with a minimum rating of A-. Maximum £30k cash deposit. Any bond investments should be investment grade rating of BBB or better.

### **4. Liquidity Requirements**

4.1 The Trustees of MMUK hold modest funds on deposit and do not anticipate a draw down on capital and as such there is no requirement for short term capital liquidity within the investment portfolio.

### **5. Time Horizon**

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

5.2 MMUK can adopt a long-term investment time horizon.

## 6. Management, Reporting and Monitoring

- 6.1 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
- 6.2 The manager will provide the following information on a quarterly basis: valuation of Investments, transaction report, cash reconciliation, performance analysis and commentary
- 6.3 The investment sub group have responsibility for agreeing strategy and monitoring the investment assets. The investment sub group 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 an annual basis.
- 6.4 Performance of the long-term assets will be measured against inflation and agreed market indices. The return of the short-term assets 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.

## 7. Approval and Review

This Investment Policy Statement was prepared by the investment sub group of The Melanesian Mission to provide a framework for the management of its reserves. It will be reviewed on an annual basis to ensure continuing appropriateness.

Approved

+ Mark Ryland

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Signed and dated by Chair of Trustees

17/11/22

Date of next review 2024