

**MINUTES OF THE CHARITABLE FUNDS
INVESTMENT PERFORMANCE REVIEW SUB-COMMITTEE**

**VELINDRE UNIVERSITY NHS TRUST – MICROSOFT TEAMS
THURSDAY 01 FEBRUARY 2024 AT 10:00AM**

PRESENT:		
Hilary Jones (HJ)	Independent Member	
ATTENDEES:		
Matthew Bunce (MB)	Executive Director of Finance	
Steve Coliandris (SC)	Head of Financial Planning & Reporting	
Lauren Fear (LF)	Director of Corporate Governance and Chief of Staff	
Alison Hedges (AH)	Business Support Officer / Secretariat	
1.0.0	Standard Business Led by Hilary Jones, Committee Acting Chair and Independent Member	Action
1.1.0	In Attendance Led by Hilary Jones Attendance was as noted above. The Chair welcomed Miranda Richards attendee from LGT Wealth Management (Previously Abrdn) to the meeting.	
1.2.0	Apologies Led by Hilary Jones Apologies were received from: <ul style="list-style-type: none"> • Steve Ham, Chief Executive Officer. • Chris Moreton, Deputy Director of Finance. • Emma Stephens, Head of Corporate Governance • Paul Wilkins, Charity Director • Barry Williams, Senior Finance Business Partner 	
1.3.0	Declarations of Interest Led by Hilary Jones No Declarations of Interest were declared.	
1.4.0	Draft Minutes from the meeting held on 27 September 2023 Led by Hilary Jones The Committee APPROVED the minutes from 27 September 2023, as a true and accurate record of the meeting.	
1.5.0	Actions/Rolling Updates/Matters Arising Led by Matthew Bunce, Executive Director of Finance and Steve Coliandris, Head of Financial Planning & Reporting The Committee NOTED the updates and discussed the remaining OPEN actions as below:	

	<p>Actions Meeting 01 December 2022: 2.0.0 Charitable Funds Investment Policy The Committee agreed this action could be closed as benchmarking is done every year as a normal part of the business and a review of the investment policy will be undertaken as part of the onboarding process and will be reviewed regularly at future meetings.</p> <p>Actions Meeting 27 September 2023: 2.1.0 Presentation to Velindre University NHS Trust (Performance Figures) - Paul Mathias to send the ESG Risk Reports to the Trust. Miranda Richards confirmed this is the process where the Investment Managers are asked to look through funds they own and assess that the companies have an Environmental, Social and Governance Score (ESG score). Lauren Fear following a recent press article the Trust has been asked by External Stakeholders, to provide assurance in terms of policy standards relating to any ESG Score information that is shared publicly. Miranda Richards confirmed that once onboarding was complete, LGT would be providing reports on ESG going forward, assuring this would give confidence in the money that is invested. Miranda also added that the previous investment managers Brewin Dolphin mainly invested in Funds whereas the portfolio under LGT will be invested in individual companies and an ESG score can be assigned to each company. LGT will also be able to provide information on carbon footprint and carbon exposures against the portfolio. Core responsible investment screens will also be put on the portfolios, will reject any company that has more than 5% of revenue in certain areas in line with the Charity Investment Policy. The Committee agreed this action could be closed.</p> <p>**ACTION: The Cycle of Business to be reviewed in terms of assurance reports around ESG reports, investments, and the portfolios.</p> <p>The Committee APPROVED the CLOSED actions which would now be removed.</p>	<p>Lauren Fear</p>
<p>2.0.0</p>	<p>LIQUIDITY MANAGEMENT REVIEW Led by Steve Coliandris, Head of Financial Planning and Reporting</p>	
<p>2.1.0</p>	<p>Liquidity Management Review Report (including cash flow forecast) Led by Steve Coliandris, Head of Financial Planning and Reporting</p> <p>The Chair invited Steve Coliandris to present the report.</p> <p>Steve Coliandris explained to the Committee that the charity is in a healthy position. Last year was the charity's best performance in terms of income generation, raising c£5million in total, and this year there is the potential for this to be even better.</p> <p>Steve Coliandris highlighted there will potentially be reduced charges against expenditure and a paper is being taken to the February 2024 Charitable Funds Committee to outline this. There is currently £5.3million in the Charity's bank as at 31st December and forecast position could be circa £6million by the end of the financial year.</p> <p>Steve Coliandris explained that the charity has been holding significant amounts due to advice from the previous investment managers that it has not been a good time to invest and now need to assess the situation following advice from LGT to see if it would be beneficial to invest in portfolio or cash management / liquid options.</p> <p>Steve Coliandris confirmed he would be comfortable investing up to £3.5million and that money is available pending advice from LGT on the portfolio.</p>	

	<p>Miranda Richards explained that the liquidity funds invest in short term instruments with a variety of different organisations able to offer higher yields than putting in a term deposit account. Liquidity funds collect higher yielding short term interest payments to those that hold the funds and is a very established fund. This morning's interest rates for 30-day average gross yield was 5.37%. LGT would hold the liquidity account on behalf of the Trust and could either put interest back into the liquidity funds or into the portfolio.</p> <p>Miranda Richards highlighted the benefits to liquidity funds is that the system can normally release funds back to the Charity the same day but should allow for a 48 hour turn around. The liquidity management fund is AAA rated by credit agencies, it is made up of lot of holdings, and it is very secure and very low risk.</p> <p>Miranda Richards confirmed the net amount would be c5. % and that the service would be offered with no bank management charge as that commitment had already been made.</p> <p>Steve Coliandris advised it would be good to utilise this service as much as possible. The Charity currently holds 3 bank accounts, a current account that does not give any interest, an instant saving account paying 1.7% interest and a 35-day account paying 3.2% so this would be far more liquid. Most of commitments are to Velindre UNHS Trust, so the Charity effectively holds control of when cash is realised.</p> <p>**ACTION: Miranda Richards confirmed that an account was already set up and this could be implemented straight away and that an information document on the process could be circulated to the Committee.</p> <p>Steve Coliandris highlighted to the committee that it will take time to transfer the full £3.5million as funds will need to be drawn from the 35-day holding account.</p> <p>The Committee DISCUSSED and REVIEWED the current level of cash balances that is currently held in the Charity's bank account and based on the future anticipated cash flow and the advice provided by investment managers at today's meeting, APPROVED and AGREED to invest the £3.5million into the liquidity management funds.</p>	<p>Miranda Richards</p>
<p>3.0.0</p>	<p>UPDATE ON TRANSFER OF INVESTMENT PORTFOLIO FROM BREWIN DOLPHIN TO LGT (PREVIOUSLY ABRDN) (ORAL UPDATE)</p> <p>Led by Steve Coliandris, Head of Financial Planning and Reporting and Miranda Richards, LGT</p>	
	<p>The Chair invited Miranda to provide an update.</p> <p>Miranda Richards assured the Committee that as of this morning (01 February 2024) £2.9million had been transferred into LGT account, with more money due to be settled over the next two days, so a majority of the portfolio will be in by the evening of Friday 02 February 2024. The portfolio can then be reshaped Monday 05 February 2024. This will be reviewed gradually and will be directly invested in stocks and maybe a bond fund to gain access to global bonds.</p> <p>Miranda Richards confirmed that quality companies will be used and you will be able to see where revenue and growth is coming from, in sectors where the economy is growing, such as investing in Water management companies will be key going forward given climate change. This will be a way of investing in companies that are sound both environmentally and socially. You will also see how much of the companies you own.</p>	

	<p>The Committee noted that this positive message will be communicated to the Board and the wider Stakeholders.</p>	
<p>4.0.0</p>	<p>INVESTMENT ADVISORS UPDATE - DIRECTION AND OUT LOOK (ORAL UPDATE) Led by Miranda Richards, LGT</p>	
	<p>Miranda Richards highlighted that core responsible investment screens will be put onto the portfolio which will cut out any investments that are exposed to cluster bombs, predatory lending, adult entertainment, tar sand, shale oil and gas, and tobacco. There is no restriction on alcohol and no complete ban on fossil fuels. Miranda Richards explained clarification is needed on whether the portfolio should have oil and gas restriction and alcohol restriction and explained there can be an issue with the definition of fossil fuels where some renewable energy companies still have exposure to legacy thermal coal.</p> <p>The Committee agreed the core responsible investment screens and an alcohol restriction will be applied. No investment will be made in oil, gas and fossil fuel companies at this present time to ensure LGT follow the current policy; however the Investment Policy and investment restrictions such as in oil, gas and fossil fuels should be reviewed by the CFC and Board annually.</p> <p>**ACTION: The policy will need to be reviewed. Lauren Fear will review the governance route and decide how to take the discussions and decisions forward.</p> <p>**ACTION: Miranda Richards suggested when a decision is made on how much money is to be moved from liquidity into the investment portfolio, this could then be used as an opportunity if it was decided oil and gas could be added to the portfolio. Take to the Board to get more information and maybe invite Miranda Richards to have a discussion with the Board.</p> <p>Miranda Richards highlighted the path of the economy over the last three years;</p> <ul style="list-style-type: none"> • 2022 markets were looking at how high interest rates would have to go, to quash inflation. • 2023 was about how long they had to stay there. • 2024 is about how fast they come down and why they come down. <p>Still not sure on the economy which has slowed gradually, with much less pressure on wages. There will probably be three interest rate cuts by the end of the year, will be some geopolitics ups and downs. Suggest investing mindfully and carefully and when come to decision on the £3.5million can feed into markets appropriately.</p> <p>Steve Coliandris asked if a recovery has been made since the sharp impact following the conflict in Ukraine.</p> <p>Miranda Richards responded that last year was all about the seven stocks in United States driving the world and if they did not perform it would impact the overall market. At tail end of last year there was a rise in markets, so there was a general rally based on the view interest rates would have to start coming down, but the economic background was quite benign. At the beginning of this year there has been some weakness in markets. Miranda Richards highlighted that a portfolio invested in a similar way to how the Charity will be managed has performed well over the three months to December 2023; up 7.4% and over a year up 10.8%. That strategy outperforms CPI plus 3.5% benchmark by 4% in the last quarter, and during year generated 3% income.</p>	<p>Lauren Fear</p> <p>Lauren Fear</p>

5.0.0	ANY OTHER BUSINESS	
	None.	
6.0.0	DATE AND TIME OF NEXT MEETING	
	19 th September 2024, 10:00am	
7.0.0	CLOSE	
	The meeting closed at 11:00am.	

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