

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

**VELINDRE UNIVERSITY NHS TRUST – MICROSOFT TEAMS
THURSDAY 19 SEPTEMBER 2024 AT 9:00AM**

PRESENT:		
Hilary Jones (HJ)	Independent Member	
Matthew Bunce (MB)	Executive Director of Finance	
ATTENDEES:		
Anne Carey (AC)	Interim Chief Operating Officer	
Steve Coliandris (SC)	Head of Financial Planning & Reporting	
Kay Barrow (KB)	Corporate Governance Manager	
Alison Hedges (AH)	Business Support Officer / Secretariat	
Miranda Richards (MR)	LGT Wealth Management	
1.0.0	Standard Business	Action
	Led by Hilary Jones, Committee Acting Chair and Independent Member	
1.1.0	In Attendance	
	Led by Hilary Jones	
	Attendance was as noted above. The Chair welcomed Miranda Richards attendee from LGT Wealth Management to the meeting.	
1.2.0	Apologies	
	Led by Hilary Jones	
	Apologies were received from: <ul style="list-style-type: none"> • Carl James, Interim Chief Executive • Emma Stephens, Head of Corporate Governance • Paul Wilkins, Charity Director • Non Gwilym, Interim Director of Corporate Governance • 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 the 1 st February 2024	AH
	Led by Hilary Jones	
	**ACTION: Page 1 - Need to put Matthew Bunce, Executive Director of Finance as 'Present' and not as an 'Attendee'.	
	The Charitable Funds Investment Performance Review Sub Committee APPROVED the minutes from the 1 st February 2024, as a true and accurate record of the meeting subject to the above amendment.	
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 Sub 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 NEW ACTION: Miranda Richards has offered to put a session on with Investment Committee or open wider to all Board Members as Corporate Trustee. Miranda Richards suggested it would be good for Julie Hutchinson in her team to attend (who has done many workshops for NHS Charity Clients and can give advice on Environmental, Social & Governance (ESG)). The session is to be arranged to discuss and give guidance alongside reviewing the policy to then go to the December Charitable Funds committee for approval. This needs to fit in with the Board Cycle.</p> <p>Actions Meeting 01 February 2024: 2.1.0 Liquidity Management Review Report (including cash flow forecast) This is up and running. The Sub Committee agreed the action could be closed.</p> <p>4.0.0 Investment Advisors Update Direction and Outlook First Action – On Agenda. Second Action – A session is being arranged to discuss as per action 2.0.0 Charitable Funds Investment Policy.</p> <p>The Sub Committee agreed that both these actions could be closed.</p> <p>The Charitable Funds Investment Performance Review Sub Committee APPROVED the CLOSED actions.</p>	<p>SC and AH</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>Steve Coliandris took the Committee through the report included in the agenda and papers / meeting book, particularly highlighting section 2.4 – The table that provides a forecast of the cash position over the next five years and provides information on what funds could be made available for transfer into the investment portfolio.</p> <p>Steve Coliandris highlighted that there are currently three options available for investment offered by LGT Wealth Management.</p> <ul style="list-style-type: none"> • The Investment Portfolio • Liquidity Account – Currently offering returns of c5% but subject to interest rate change. • Bonds – Offering fixed rates for investing money over a period of time. Usually 1 – 5 years. <p>Steve Coliandris asked for Miranda Richard’s opinion on locking money into bonds. Miranda Richards advised that if you were to use table (2.4) which forecasts the planned income and expenditure over the next three / five years’ time, you would be able to see what funds could be made available to be locked into a cash bond for a fixed period of time. The bond would guarantee a fixed rate for investment over an agreed period of time. You are therefore guaranteed to get the principle sum back at that point in time. Miranda Richards suggested that if you were to go down the bond route that you should have a portfolio of bonds, with mixture of gilts and corporate bonds, and stick with investment grades which present a relatively low risk. Currently there are building societies yielding 5%, which mature in five years.</p> <p>The Sub Committee agreed that currently the liquidity Account continues to be the best option for now which is offering a 5% return, however Steve Coliandris and Miranda Richards should continue to review all investment options utilising the best available at that point in time. Aim going forward is to get the Charity into a position whereby it’s in a better cycle and planned strategy around investment .</p> <p>Miranda Richards highlighted that the investment portfolio has the greatest potential for growth.</p>	

	<p>There is always risk if investing in high-risk assets such as equities but are the advised option if looking to invest long term as equities reflect growth in the economy.</p> <p>The Charitable Funds Investment Performance Review Sub Committee:</p> <ul style="list-style-type: none"> • 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 a transfer of £7m into the Investment portfolio as per below: <ul style="list-style-type: none"> ○ £3m to be transferred into the investment portfolio. ○ £4m to be transferred into the Liquidity Account held on behalf of the Charity by the investment managers which is currently offering a return of c5%. • AGREED that decisions on the transfer of funds between the Charity current account and investment portfolio can be made via e-mail to subcommittee members rather than waiting for the next subcommittee which meets every 6 months. AGREED any further actions if required would be circulated outside of the meeting, following ongoing review of the cash flow. 	
3.0.0	<p>INVESTMENT ADVISORS UPDATE</p> <p>Led by Miranda Richards, LGT</p>	
3.1.0	<p>Presentation to Velindre University NHS Trust (Performance Figures)</p> <p>Led by Miranda Richards, LGT</p> <p>Miranda Richards took the Committee through the report included in the agenda and papers / meeting book.</p> <p>Miranda Richards pointed out that there was an error on the Portfolio Summary – Page 5, the value of liquidity portfolio should read £3,594,000 not £3,954,000. Making a total of £9,994,000.</p> <p>Miranda Richards informed of the updated figures (Page 9 shows performance to the 31 July, Miranda now highlighted figures as below to the 31 August 2024):</p> <ul style="list-style-type: none"> • Since inception the investment portfolio is up 6.7%. • CPI plus 3% measure is at 3%. • In the six months to the end August 2024, the figure is 5.8%. <p>Miranda Richards highlighted that the benchmark performance is behind, because of exclusions agreed in line with the Charitable Funds investment policy but should always be above CPI plus 3%.</p> <p>Miranda Richards informed the Sub Committee that one of the areas to flag was the choice to buy alternatives; infrastructure and a lot of renewable energy, but these have not performed well for much of the year. Since interest rates have come down slightly we have seen some turn around, but they have not performed well up to that time. Going forward expectation is that these types of investments will behave a bit like bonds and equities which have real assets, and we would expect to see growth in those assets over time.</p> <p>Miranda Richards advised the Charity has a portfolio which is ahead of the benchmark in terms of environmental impact.</p> <p>Miranda Richards informed the Sub Committee that a snap shot had been provided in terms of the carbon emissions and noted the Charity owns in the portfolio between 70% and 75% less scope one to three emissions companies than the benchmark.</p> <p>Miranda Richards assured the Sub Committee that LGT always strive to move the portfolio towards carbon reduction and that the Charity investment policy will help with the investment decisions.</p> <p>**ACTION: Steve Coliandris asked if there was information on where other NHS Charities sit (especially in Wales and England) in terms of their portfolios and carbon emissions as it was felt this information would be helpful when reviewing how the Charity is doing on a like for like basis. Miranda Richards agreed to find out where Velindre University NHS Trust Charity sits compared with other NHS Charities and feedback this information.</p> <p>Miranda Richards flagged the US Federal Reserve cut interest rates by 50 basis points on the 18 September 2024, which was more than the market was expecting. However the Charity</p>	MR

	<p>portfolio is built on economic factors, it is built from the bottom up.</p> <p>**ACTION: The authorised signatories need to be updated and changed from two signatories to three. Need update to include Carl James, Interim Chief Executive Officer, Matthew Bunce, Executive Director of Finance and Hilary Jones, Independent Member.</p> <p>The Charitable Funds Investment Performance Review Sub Committee noted that when the new Finance Independent Member commences work in the Trust they can be added as a fourth signatory.</p>	<p>SC and MR</p>
3.2.0	<p>Risk Guide</p> <p>Led by Miranda Richards, LGT</p> <p>This was included as part of presentation and discussion in item 3.1.0.</p>	
4.0.0	<p>CHARITABLE FUNDS INVESTMENT POLICY – FOR DISCUSSION</p> <p>Led by Steve Coliandris, Head of Financial Planning and Reporting</p>	
	<p>Steve Coliandris confirmed the policy was for information. Agreed approach was to put a session on before December 2024 led by LGT and use that session to review the policy and review the investment exclusions.</p> <p>Miranda Richard highlighted that the Investment Policy statement is the Charities statement and what it means for the investment portfolio is less important than what it means for you as Trustees. The implications on investment should be ignored as this is the Investment Advisors responsibility to implement.</p>	
5.0.0	<p>CONSENT AGENDA</p> <p>Led by Hilary Jones, Independent Member, Acting Chair</p>	
5.1.0	<p>Endorsement For Approval</p> <p>Charitable Funds Investment Performance Review Sub Committee Terms of Reference</p> <p>Led by Matthew Bunce, Executive Director of Finance</p> <p>The Charitable Funds Investment Performance Review Sub Committee ENDORSED for Charitable Funds Committee Approval.</p>	
5.2.0	<p>For Approval</p> <p>Charitable Funds Committee Performance Review Sub Committee Cycle of Business</p> <p>Led by Matthew Bunce, Executive Director of Finance</p> <p>The Charitable Funds Investment Performance Review Sub Committee APPROVED the Sub Committee Cycle of Business.</p>	
6.0.0	<p>ANY OTHER BUSINESS</p> <p>None.</p>	
7.0.0	<p>DATE AND TIME OF NEXT MEETING</p> <p>18th March 2025, 10:00am</p>	
8.0.0	<p>CLOSE</p> <p>The meeting closed at 9:50am.</p>	