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Charitable Funds Investment Policy

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Documents to be read alongside this policy:	This policy should be read in conjunction with the following information: • Terms of Reference of the Investment Performance Review Sub Committee • The Trustees Act 2000 • CC14 Charities and Investment Matters: A Guide for Trustees.
Current review changes: e.g. review/ current changes Significant changes following advice from the Charity investment managers and bench marking against other Charity investment policies. Reviewed in accordance with agreed policy review:	

Executive Summary:
The purpose of this policy is to formalise the responsibilities of Velindre University NHS Trust Charitable Funds Corporate Trustee (Being the Velindre University NHS Trust Board Members) in respect of the management of charitable fund assets held by the Trust.

First operational:	Date: July 2012				
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Contents

		Page
1.	Policy Statement	3
2.	Purpose	3
3.	Scope	3
4.	Objectives	3
5.	Governance and responsibilities	3
6.	Investment Powers	4
7.	Time Horizon	4
8.	Risk Appetite	4
9.	Ethical Criteria and restrictions	5
10.	Liquidity	6
11.	Appointment of the Charity's investment advisor	6
12.	Functions delegated to the Trustees Investment Advisor	6
13.	Reporting	7
14.	Authorised Persons	7
15.	Review Process	7
16.	Legislation	8
17.	Contact Information	8

Charitable Funds Investment Policy

1) Policy Statement

This policy has been prepared following the request by Velindre UNHS Trust Charitable Funds Committee to ensure that our organisation is managing appropriately and transparently the charitable funds assets and complying with all the legal regulations, guidance and best practices established by governmental and regulatory bodies.

2) Purpose

This Investment Policy sets out the principles and guidelines for the management of investments held by Velindre University NHS Trust Charity ensuring that funds are managed prudently, ethically, and in alignment with the organisation's objectives and statutory responsibilities.

3) Scope

This policy applies to all Velindre UNHS Trust Employees and Independent Members, particularly to Charitable Funds Committee Members, Investment Subcommittee members and Investment advisors

This policy applies to all investments made by or on behalf of Velindre University NHS Trust Charity, including but not limited to:

- Cash reserves

- Short- and medium-term deposits

- Long-term investment portfolios

4) Objectives

The primary objectives of the investment policy are:

- Capital Preservation: To safeguard the principal value of invested funds.

- Liquidity: To ensure sufficient liquidity to meet operational and strategic needs.

- Return on Investment: To achieve a reasonable return within acceptable risk parameters.

- Ethical Standards: To ensure investments align with the organisation's values and relevant ESG (Environmental, Social, and Governance) criteria.

5) Governance and Responsibilities

The Velindre University NHS Trust Board as the Corporate Trustee of the Charity approves the investment policy and has overall responsibility for investment decisions.

The Charitable funds Committee sub delegates to the Investment Sub Committee to oversee implementation and compliance.

Investment Managers: Manage funds in accordance with this policy and any specific mandates.

6) Investment Powers

The Velindre University NHS Trust instrument of the charity places no restrictions on investment therefore the charity's assets must be invested in accordance with the Trustee Act 2000. The Act confers on the Corporate Trustee the general power of investment which allows a trustee to place funds in any kind of investment, excluding land, as though they were the absolute owner of those funds. Investment decisions are to be made by the Charitable Funds Investment Committee on the advice of the Charity's investment advisers.

The Corporate Trustee must attempt to maximise the investment return on the charitable funds whilst minimising the risk to the funds themselves. Furthermore, the Corporate Trustee have a legal duty to avoid speculative forms of investment.

- **General objectives**

  The investments must be managed in such a way as to provide sufficient income to supplement income normally received from donations and bequests to enable the charity to continue to carry out its purposes effectively both in the short term and over the longer term. Income generated from investments should year on year be at least comparable to that generated for similar portfolios in the charity sector.

  A performance analysis for the period covered by the report (quarterly) providing the statistics necessary to comply with the performance requirements detailed in the Investment Policy Statement.

- **Balance between intended capital growth and immediate income requirements**

  The Corporate Trustee wish to maintain a balance between capital growth and the generation of income, so that where possible, the value of the assets should at least keep pace with inflation over the longer term while continuing to generate a rate of income comparable with similar portfolios in the charitable sector. To achieve this investments are expected to achieve, over a 5 year rolling period, an income return of at least 3% pa and capital growth of at least the increase in CPI to maintain real growth in assets.

7) Time Horizon

The time horizon for the Velindre University NHS Trust Charity Funds general investment account is between 5 to 7 years.

8) Risk Appetite

A "medium risk" (cautious) approach is to be adopted in the management of the charity's investments. This means:

Investment in markets where financial services are closely regulated, and compensation schemes are in place.

Diversification of the portfolio.

Avoidance of speculative forms of investment such as hedge funds and private equity.

9) Ethical Criteria and Restrictions

The Velindre University NHS Trust Board as Corporate Trustee has a responsibility for formulating a responsible investment policy. The investment managers will assess this by reviewing all proposed screens against the Morgan Stanley Capital International (MSCI) all country world index. Collective investments are more difficult to screen but the Velindre University NHS Trust Charity Funds will expect as a minimum that such collective funds are managed, where possible, in line with the requirements of the UK Stewardship Code published by the Financial Reporting Council.

To ensure responsible investing the Charity requires the investment advisor to consider environmental social, and governance factors into consideration when recommending or monitoring any investment within the portfolio.

At the discretion of the Corporate Trustee investment in companies that are deemed to have an approach to risk mitigation around the issues of ethical employment considered 'Weak' are an organisation that provides a risk rating in relation to the Environmental, Social & Governance (ESG) factors of a company that can be brought into the financial decision making of investors. Responsible investment ensures the Charity protects its reputation and possibly avoids conflict with the Charity's purposes.

In addition, the Charity also has a number of investment restrictions in place within the Investment Strategy, including:

- the Board as Corporate Trustee has determined that the Velindre University NHS Trust Charity Funds should not be invested in companies whose trade is inconsistent with the aims of the Velindre UNHS Trust, so those companies may be expressly excluded. The Corporate Trustee may not, however, exclude investments in companies for any other reason e.g. political.

- SUCH EXCLUSIONS AS EXPRESSLY IDENTIFIED BY THE BOARD AS CORPORATE TRUSTEE ARE COMPANIES WHO DERIVE A SIGNIFICANT PROPORTION OF THEIR INCOME FROM FOSIL FUELS, GAMBLING, TOBACCO, ALCOHOL AND ARMOURMENT ACTIVITIES.

  There are further restrictions on investment in Russin/ Belarussian companies in line with UK Government sanctions. Further restrictions may apply on countries where there is conflict or where sanctions have been placed upon them, which will be at the discretion of the Velindre University NHS Trust Board as Corporate Trustee.

- Investments shall comply with the rules and regulations of the Trustees Act 2000.

The Board as Corporate Trustee reserves the right to exclude any investments which they judge might prove damaging, directly or indirectly, to the purposes, reputation or public support of the charity.

10) Liquidity

At all times it must be ensured that sufficient liquid resources are available to meet routine payment requirements. The investment advisers will provide recommendations to the Charitable Funds Investment Committee on any excess cash in the Velindre University NHS Trust Charity Funds that it wishes to invest. Any additions to the investment portfolio, must be approved by the Corporate Trustee.

- At least 80% of the Velindre University NHS Trust Charity Fund portfolio should be invested in assets that are readily realisable within one week.
- There is recognition that some property funds may only have a quarterly trading date and note these are unlikely to form a large part of the portfolio.

11) Appointment of the Charity's Investment Adviser

The Charitable Funds Committee's recommendations to the Velindre University NHS Trust Board as Corporate Trustee regarding the selection of investment manager(s) must be based on the Procurement Act 2023 which provides the guidance and legislation for public procurement A qualifying investment manager must be a registered investment advisor under the Investment Advisor Act of 1961, or a bank or insurance company which is authorised and regulated by the Financial Services Authority.

Investment Managers are to be reviewed at a minimum of five years.

Board members of VUNHST as part of the Corporate Trustee of the Velindre UNHS Trust Charity Funds are specifically excluded from providing investment advice, even though they may be so authorised**.**

12) Functions delegated to the Trustees' Investment Advisor

The Advisor will:

- Provide advice on and recommendations for investments on the Charitable Funds Investment Committee to enable it to make investment decisions in accordance with the Investment Policy.
- Manage the portfolio of investments, to include purchase and sale of investments authorised by the VUNHST Board Members as part of the Corporate Trustee and provision/facilitation of high interest cash on deposit account(s).

- Monitor portfolio performance and provide regular, formal reviews of portfolio performance and investment recommendations to the Charitable Funds Investment Committee.
- The VUNHST Board Members as part of the Corporate Trustee are liable for acts or defaults of the investment advisors, since responsibility may not be delegated under the Trustees Investment Act 1961.

Investment managers shall be reviewed twice annually as part of the Investment Committee meeting regarding performance, personnel, strategy, research capabilities, organisation and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

In addition to complying with the specific requirements detailed in the investment policy statement the appointed investment manager must pay heed to the general power of investment embodied in Section 3 of The Trustee Act 2000. All investments should be suitable and, overall, constitute a degree of diversification as required by Section 4 of The Trustee Act 2000.

13) Reporting

A report will be expected from the Investment Advisors demonstrating how the Velindre University NHS Trust Charity fund's portfolio performance compares with movements in various published indices and other appropriate investment performance "benchmarks" on a six month basis. These investment performance indicators will be agreed between the Corporate Trustee and the Investment Advisors and should provide an assessment of both capital growth as well as income performance.

The Investment Fund Manager is also required at the end of each quarter to provide a valuation and accompanying report encompassing the following:

- list of all investments held together with their respective book costs, current market value and estimated income and yield.
- A performance analysis for the period covered by the report (quarterly) providing the statistics necessary to comply with the performance requirements detailed in the Investment Policy Statement.
- A transaction schedule detailing purchases, sales and dividends (Income).

A separate report will be prepared at the end of the charity's financial year, 31st March providing such information as is required by the Corporate Trustee to meet their reporting obligations. This will also include a comprehensive list of transactions for the financial year.

These investment reports shall be reported to the Charitable Funds Investment Committee every six months.

14) Authorised Persons

Transfers of cash to and from the Investment portfolio will be authorised by the Executive Director of Finance, acting on behalf of the Corporate Trustee,

or an authorised signatory in their absence, such action to be subsequently notified to the Charitable Funds Committee.

15) Review Process

The Deputy Director of Finance will review the operation of the policy as necessary and at least every 3 years.

16) Legislation and Guidance

- The Trustees Act 2000
- Trustees Investment Act 1961
- CC14 Charities and Investment Matters: A Guide for Trustees
- Velindre UNHS Trust Charitable Funds Governing Document from January 1995.

17) Contact Information

Further information and support is available from the Deputy Director of Finance on Tel: 02920 615888
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