

Investment Policy

1 Introduction

- 1.1 Portsmouth Cathedral, in line with other Cathedrals, is a corporation aggregate established for spiritual purposes. Cathedrals have a charitable purpose as defined in the Cathedrals Measure 1999 S1: 'Any person or body on whom functions are conferred by or under this Measure shall, in exercising those functions, have due regard to the fact that the cathedral is the seat of the bishop and a centre of worship and mission'.
- 1.2 The Charities Act 2011 (S10) excludes ecclesiastical corporations from the Act. Cathedrals are not regulated by the Charity Commissioners in respect of their main activities but are regulated by their Visitors (the Cathedrals Measure 1999 makes the diocesan bishop the Visitor of his cathedral). Cathedrals are not 'exempt' or 'excepted' charities, as these are subject to the Charities Act. Cathedrals qualify as charities for taxation purposes; Her Majesty's Revenue and Customs treats cathedrals as exempt charities and enables them to recover sums under Gift Aid. The Cathedral's HMRC charity number is X51902.
- 1.3 In accordance with Cathedrals Measure 1999 the Cathedral Chapter is the body charged with responsibility for managing the financial affairs of the Cathedral. In this regard Chapter is advised by a Finance and Investments Committee, to whom Chapter has delegated decision making on investment matters.

2 Investment Objectives

- 2.1 The Chapter seeks to produce the best financial return within an acceptable level of risk (see 3 below). The funds are to be invested in accordance with the Statement of Ethical Investment Policy issued by the Church of England Investment Advisory Group and this applies to both direct and pooled holdings.
- 2.2 It is anticipated that any major capital expenditure will be planned in advance, allowing notice of at least one year to the investment manager prior to any major withdrawals of funds from the portfolio. In normal circumstances any funds needed within 12 months would be held in cash, or other suitable, short-term investments.

3 Risk

- 3.1 The Chapter accept that the attainment of long term objectives requires the acceptance of a level of investment risk. The risk manifests itself primarily in the fluctuation of the capital value and the risk of loss of value periodically.
- 3.2 The key risk to these long term reserves is inflation, and the assets should be invested to mitigate this risk over the long term. The Chapter understands that this is likely to mean that the investment portfolio will have a substantial exposure to real assets including equities, and other long duration assets, and that the capital value will fluctuate.

4 Assets

- 4.1 The Chapter's assets can be invested widely and should be diversified by asset class and by security. Asset classes can include cash, bonds, equities, property, hedge funds, structured products, private equity, commodities and any other asset that is deemed suitable for the Chapter.
- 4.2 The Chapter will not enter into any derivative contracts unless these are for the purpose of efficient portfolio management.
- 4.3 Locally managed property is retained either for the use of clergy or staff or may be let commercially.

5 Currency

- 5.1 The Cathedral's costs and liabilities are denominated in sterling and this should be taken into account by the investment manager.
- 5.2 The base currency of the investment portfolio is sterling.

6 Liquidity and Income Requirements

- 6.1 An estimate of prospective income will be sought from the investment manager on an annual basis, to enable effective budgeting.

7 Management, Reporting and Monitoring

- 7.1 The Chapter can invest in funds on a direct basis in its own name or can appoint a fund manager on a discretionary basis.
- 7.2 The Chapter has nominated a list of authorised signatories, two of which are required to sign instructions to the investment manager and with regard to directly invested funds.
- 7.3 The manager will provide the following information on a quarterly basis: valuation of the investments, transaction report, cash reconciliation, performance analysis and commentary.
- 7.4 The Finance and Investments Committee has responsibility for agreeing strategy and monitoring the investment assets. The Committee will review the information provided by the manager.
- 7.5 The investment manager will be required to present in person to the Committee at least once a year.
- 7.6 Performance of the long term reserves will be measured against RPI inflation +3% over rolling five year periods, an index of relevant peers and, if appropriate, a composite benchmark index.

8 Approval and Review

- 8.1 This Investment Policy Statement was prepared by the investment committee and approved by The Chapter of Portsmouth Cathedral to provide a framework for the management of its long term reserves. It will be reviewed on an annual basis to ensure continuing appropriateness.

Approved by the Chapter at its meeting on 26 April 2016

Signed on behalf of Chapter

Peter Sanders



Chapter Clerk

Date

26 April 2016