

Investment Policy	
Policy approved by: Board	Date of approval: 11/09/2024
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Introduction

DCC is the trading name of the Royal Surgical Aid Society, an incorporated charity and company limited by guarantee whose purpose is to support, advocate and campaign for dementia carers so that no one feels isolated, invisible or alone.

The charity formerly operated nursing and care homes for older people which were sold, with the proceeds being invested for the development and delivery of services that will support carers and development of the income generation function to ensure long-term sustainability.

DCC funds are currently held in portfolios managed by an outsourced investment manager. These investments are held three portfolios with short-, medium- and long-term time frames. Based, on the 5-year financial model approved by the Board, cash flow requirements for the next 2 years are kept in short-term investments, with the long-term investments being reduced to reflect the balance expected to be remaining at the end of the current 5-year period.

The Board have delegated finance decisions to the Finance Audit and Risk Committee; investment management.

Investment objectives

The overriding objective of the investments is to meet the income/cashflow requirements of while growing the capital ahead of inflation to achieve financial returns that enable long-term investments to continue to sustain the organisation in the future.

DCC has short-, medium-, and long-term investment portfolios:

Short-term reserves and cashflow requirements for the next 2 years, as determined by the 5-year financial model, should be held in cash or cash equivalent assets. The aim is to maximise returns through interest earned on these investments, while investing in funds that are liquid and do not show capital volatility. Cashflow requirements will be reviewed on an annual basis alongside a revision of the 5-year financial model.

Medium-term reserves can withstand a little more risk. These assets are set aside to meet known liabilities over the next 2-5 years or to act as a buffer for the long-term investments should unplanned events occur. The rate of return should be compared to that of short-term investments at least annually, to consider whether investing in medium term funds continues to be in the best interests of the charity,

Long-term reserves can withstand significant capital volatility on the basis that the charity has set aside sufficient funds that can be called upon to meet any short to medium term liabilities. The objective is to maximise returns over a longer period of more than 5 years,

with any short-term reduction in the value of investments being offset by investment gains on the longer-term. This equates to generating returns ahead of inflation (UK CPI +4%) along with a sustainable level of income.

Risk and Asset Portfolios

The key risk to the long-term reserves of DCC are inflation and market volatility. Investment strategies are implemented to mitigate against these risks.

Long-term investments will be held in a pooled fund where there is sufficient diversification of assets to minimise risk and maximise capital growth over a period of more than 5-years.

A more cautious approach is required with short and medium-term investments, where maximising income is to be prioritised. These will be held in cash or cash equivalents, which may include government bonds.

The Finance, Audit and Risk Committee take responsibility for agreeing suitable asset allocation strategy with the investment manager.

Over the five-year plan, DCC will develop future income streams through fundraising and commercial activities associated to its charitable activities and objectives.

Liquidity Requirements

The short- and medium-term portfolios have been designated for the committed capital investment, and the operational cashflow requirements in the development and implementation of its services over its five-year business model.

Income from long term reserves will be used to fund DCC's activities and a target income will be agreed with the investment manager on an annual basis to enable effective budgeting.

Ethical Investments

DCC has adopted an ethical investment policy to ensure it does not conflict with its aims or would bring the organisation into disrepute.

Ethical restrictions include no investment in tobacco manufacturers, and the avoidance off investments in companies that have more than 10% of their turnover from alcohol manufacture, armaments, gambling or pornography.

Management, Reporting and Monitoring

DCC has appointed a professional investment manager who will manage the assets on a discretionary basis in line with the investment policy. The manager will provide a valuation of investments, performance analysis and commentary on a quarterly basis.

Investment performance is measured against a composite benchmarked appropriate to DCC risk profile, as well as a long-term return objective and peer group.

Two nominated signatories, from amongst the list of authorised Trustee and Senior Leadership Team signatories, are required to sign instructions to the investment manager.

Approval and Review

This investment policy statement was prepared by the Finance, Audit and Risk Committee of DCC to provide a framework for managing reserves. It will be reviewed on annual basis to ensure that it remains appropriate for the charity.