

Investments

Policy

Introduction

1. Peak & Northern Footpaths Society was formed in 1894 and established as charity number 212219 in 1963. The objects are: creating, preserving and improving open spaces, public access rights, and rights of way other than for mechanically propelled vehicles.
2. The financial objective of the Society is to at least maintain the real value of assets whilst generating a stable and sustainable return to help fund the running costs of the Society.
3. The Society has property, investments, and cash assets. The property, namely Taylor House, is on the balance sheet at the purchase price of £60k. The deeds are lodged with the Charity Commission Official Custodian. Cash assets consist of instant access, notice accounts, and fixed-term cash bonds. Equity investments are lodged with an investment manager appointed by the Managing Committee. These are the charity's assets that help finance the Society's activities.
4. The Society has delegated the consideration of investment matters to our investment manager.
5. The Managing Committee of the Society has the final decision on investment and financial matters.

Investment Objectives

6. The Society seeks to achieve the best financial return consistent with an acceptable level of moderate risk.
7. The investment objective is to generate an overall return above inflation over the long term. This should allow the Society to at least maintain the real value of the assets.
8. The Society adopts a total return approach to investment, generating the investment return from income and capital gains or losses.

Risk

9. Attitude to risk: The Society does not rely on investment income to fund the day-to-day running costs of the Society. However, signposts, footbridges, memorials, and rights of



way improvements are generally one-off awards and the number and value of these may vary requiring at times, funding from different sources.

10. The key risks to the long-term sustainability of the Society's investments are: market risk, event risk, inflation risk, interest rate risk, liquidity risk, and credit risk for bond investments. In addition, there is implementation risk – the ability to implement an effective strategy that meets the Society's investment objectives. Manager performance is part of this implementation risk.
11. Economic recession and climate change are considered a significant event risk.
12. The Trustees understand that the capital value will fluctuate.
13. The Trustees can tolerate volatility of the investment portfolio value of the Society if the Society is able to meet its short-term commitments through either income or liquid assets.
14. Assets. The Society's assets should be invested widely and should be diversified by asset class. Asset classes could include cash, bonds, equities, property, and any other assets that are deemed suitable for the Society to achieve the overall Society investment objective. The Society's investment manager maintains the investment portfolio at moderate risk, with investments balanced between 'growth' and 'income'.
15. Currency. The base currency of the investment portfolio is sterling. Investments may be made in non-sterling assets.
16. Cash deposits should be spread, subject to a maximum exposure currently covered by the Financial Services Compensation Scheme at £85k per institution.

Liquidity Requirements

17. To allow for volatility of capital values, the Trustees wish to maintain at least one year of expenses and overheads in cash deposits or lower-risk liquid investments, plus sufficient funds to cover future committed footpath improvements, signpost, footbridge, legal, and other project expenditure. These costs will be ascertained by reference to the Treasurer's annual cash flow forecast.

Time Horizon

18. The Society is expected to exist in perpetuity and investments should be managed to meet the investment objective and ensure this sustainability.
19. The Society will adopt a long-term investment time horizon.



Management, Reporting, and Monitoring

20. The Society has appointed a professional investment manager by a written agreement to provide custody and a brokering service of the investment assets (excluding the property). This is on a discretionary basis at the present time. The investment manager is required to produce a valuation and performance report quarterly. The cash and fixed-term cash bonds will be managed by the Managing Committee.

Approval and Review

21. This Investment Policy was prepared by the Treasurer of the Society to provide a framework for the management of its investment assets. It will be reviewed at least annually by the Managing Committee to ensure it remains appropriate.



Version History

Version	Summary of changes	Effective from:	Effective to:
1.0	First version	2019-04-26	2022-04-29
1.1	Minor revisions	2022-04-29	2024-05-24
2.0	Re-numbering, edits for clarity	2024-05-24	2024-11-29
2.1	Replaced reference to 'broker' with 'investment manager'	2024-11-29	

