

The Greig Trust – Investment Policy and Mandate

General & Financial Background

The Greig Trust was established in 2016 as a Charitable Incorporated Organisation CIO, (Charity No; 1160318) . As at 5th April 2016 the value of The Greig Trust's investment assets stood at £18.776m.

The establishment of the CIO merged the interests of the three original Greig Trusts namely: The Hannah Susan & Samuel Victor Greig Fund (Charity No: 312431), The David & Mary Greig Trust Fund (Charity No; 312488) and the David Greig Educational Trust (Charity No; 299384). The date of the endowment was 1949, 1933 & 1986 respectively.

The object of The Greig Trust is to promote education, in accordance with the principles of the Church of England, by making grants to St Mary's CE Primary Schools, The Greig City Academy and children and young people resident, or attending school, in the London Borough of Haringey.

The income of the Trust is generated entirely from the investment portfolio. After accounting for governance, support and investment management costs the resulting net income is allocated to the beneficiaries on the basis of the Trust's granting policies.

Investment Powers

The assets of The Greig Trust must be invested in accordance with the Trustee Act 2000 and any other relevant legislation. Additionally, it is required that the assets are invested taking into account Charity Commission Guidelines.

The Trustees delegate to the Investment Committee authority to make changes to the investment portfolio consistent with the contents of this policy statement.

The Investment Committee comprises: T Hammett (Chair), M Baker, I Woolf. Mrs S A Taylor is the Investment Committee administrator.

Investment Policy

The overall objective is to create sufficient income and capital growth to enable The Greig Trust to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of the real capital value of the funds as a minimum requirement.

Both capital and income may be used at any time for the furtherance of The Greig Trust's aims and therefore the portfolio should be managed on a **total return basis**.

Income: The Greig Trust has a minimum distribution requirement to its beneficiaries which, it is anticipated, will in most years normally be met from income generated by the portfolio

of investments. To achieve this it is a requirement that portfolio income at least tracks the CPI annually assessed on a three year rolling basis, to ensure distributions are maintained in real terms.

Capital: The Greig Trust is permitted to make withdrawals from capital where there has been a shortfall of income or to finance specific projects. After withdrawals, The Greig Trust requires the capital value of the portfolio to track CPI + 1% annually, assessed on a three year rolling basis.

Portfolio Structure & Management

The objectives are to be achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a Recognised Investment Exchange, and unit trusts and OEICS (open ended investment companies) which are authorised under the Financial Services and Markets Act 2000.

Derivative strategies aimed at managing risk and protecting returns are authorised and permitted. Derivatives may not be used speculatively.

Investment in high yielding corporate bonds is permitted and authorised as long as the investment strategy is executed through collective vehicles.

The portfolio asset allocation will fall within the following broad planning ranges and the performance will be measured against a weighted average of the movements in the comparative indices (a bespoke benchmark) as set out below:

Asset Class	Ranges %	Benchmark %	Comparative Indices
UK Equities	30-48	39	FTSE All Share Index
Overseas Equities	12-32	22	MCSI World ex-UK Index £
Global Bonds	20-38	29	Barclays Sterling Aggregates
Cash & Short Maturity Bonds	0-10	5	Bank of England base rate – 1.0%
Alternatives/Other Commodities, Hedge Funds & Commercial Property/Infrastructure	0-10	5	Dow Jones – UBS Commodity Index, Dow Jones – Credit Suisse Hedge Funds Index, IPD UK Monthly Property Index
Total		100%	

In addition to the primary (bespoke) benchmark detailed above, the Trustees will use other sources of data, indices and benchmarks to assess investment performance.

Key requirements:

- (1) Withdrawal requirements:** consistent with The Greig Trust's commitment to beneficiaries an annual drawdown from the investment portfolio of £595,000 (based on the year to March 2017/18) is targeted and required - thereafter tracking and targeting Consumer Price Index (CPI) increases to ensure distributions are maintained in real terms.
- (2) Minimum income requirement:** it is expected that the withdrawal requirement will primarily be achieved through the distribution of income generated by the portfolio. In this context The Greig Trust requires a *minimum annual portfolio income* of £500,000 (based on the year to March 2017/18) - thereafter the minimum income requirement will track and target annual CPI increases to ensure this figure is maintained in real terms. It is expected that the *actual annual portfolio income* will exceed the minimum income target and it is a requirement that it too tracks CPI increases, over a three year rolling basis. The purpose of the *minimum income requirement* is to ensure that the portfolio is structured in such a way that use of capital to finance The Greig Trust's activities is minimised.
- (3) Capital withdrawals:** Where there is a shortfall between the annual withdrawal requirement and the income generated from the portfolio and transferred to The Greig Trust bank account, further withdrawals from capital will be permitted to the extent that the real capital value of the funds remains unimpaired. The Trustees require the capital value of the portfolio after all withdrawals to track CPI +1% annually, as a minimum, to protect real values and to build a buffer against potential market fluctuations. Given the volatile nature of markets and economic conditions under or over-performance against these withdrawal requirements will be judged on a three year rolling basis. The portfolio value of £18.776m at 5th April 2016 will be used as the basis for this assessment.
- (4) Bond ratings:** it is considered appropriate for the portfolio to have exposure to high yielding corporate bonds in certain circumstances and conditions. In the appropriate circumstances and conditions, and on the understanding that the fund manager has taken into account the specific returns requirements of The Greig Trust, the fund manager is granted discretion to invest in high yielding corporate bonds as long as the investment strategy is executed through collective vehicles.
- (5) Derivatives:** direct investment in 'derivatives' (traded options, warrants) or derivative structures is not permitted under any circumstances for speculative purposes. However, it is recognised that derivative instruments and structures can be very effective in helping to manage risk and protect returns. In the appropriate circumstances and market conditions, and on the understanding that the fund manager has taken into

account the specific returns requirements of The Greig Trust, derivative strategies aimed at managing risk and protecting returns are authorised and permitted.

- (6) Overseas equity and bond exposures through collective vehicles:** collective investment vehicles (unit trusts, OEICS and investment trusts) are permitted but must not exceed 20% of the total funds under management. Where collective vehicles are used to gain exposures to particular investment themes, or for portfolio construction purposes, the underlying impact on the total portfolio in terms of cost, performance, risk and sector weightings must be demonstrable.
- (7) Portfolio risk:** the overall risk categorisation of the investment portfolio is to be 'medium/high'.
- (8) Concentration risk:** no initial investment in any single asset should exceed 5% of the total value of the funds under management. Due to the movement of asset values over time some holdings may exceed 5% of the funds under management. The total sum of all holdings in excess of 5% must not exceed 40% of the funds' value at any one time.

Ethical policy

The Trustees reserve the right to instruct exclusion of investment in companies that carry out activities which are contrary to the aims, or could damage, the reputation of The Greig Trusts. This policy will be reviewed annually.

Management, Reporting and Monitoring

The Greig Trust has appointed Barclays Wealth as investment manager to manage the assets in line with this policy.

Barclays Wealth is required to produce a valuation and performance report and meet with the Investment Committee to discuss matters affecting The Greig Trust's assets at least three times a year.

The Investment Committee has responsibility for setting investment policy, monitoring the investment performance of the fund manager and compliance with this Investment Policy. The Investment Committee meets at least three times a year to fulfil these obligations.

Policy Review

The foregoing policy and arrangements will be reviewed annually by the Trustees. Any changes must be given in writing.