

Investments policy

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	Print Name	Job Title/Role	Signature	Date
Department Quality Review	Dereck Mzungu	Interim Finance Manager	<i>Dereck Mzungu</i>	Aug 07 2024
Reviewed and approved by CEO	Dr Mohamed Ashmawey	CEO	<i>Mohamed Ashmawey</i>	Jul 31 2024
Reviewed and approved by BOD	Owais Khan	Deputy CEO	<i>Owais Khan</i>	Aug 08 2024
Reviewed and approved by	Ahmed Nasr	Director of Performance and Accountability	<i>Ahmed Nasr</i>	Jul 31 2024
Reviewed and approved by BOT	Dr Kamil Omoteso	Trustee	<i>Kamil Omoteso</i>	Jul 31 2024
Date of next review	February 2024			

Process Owner	Finance and services
Key Responsibilities	All staff
Associated Documents	

Revision History

Revision History (Provide summary of changes and justification)	Changes reviewed & approved by	Date of review & approval	Date effective

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Investments Policy

Introduction

Human Appeal is an INGO charity, whose purpose is to provide humanitarian support to achieve a just, caring and sustainable world free of poverty. Human Appeal does this by raising money to fund immediate long-term sustainable interventions, and to empower local communities.

Human Appeal has annual income from fund raising, institutional funding and charitable trading. The charity's reserve policy is to hold six months of planned expenditure as reserves to ensure continued financial security and to provide for contingencies.

Human Appeal shall review its reserves taking into consideration long-term reserves, short-term reserves, to meet unanticipated cash flow needs. The long-term reserves should be invested emphasising certainty of value.

The Board of Human Appeal will undertake investment decisions, with appropriate advice from an authorised professional investment manager, regulated by the FSA.

Investment Objectives

Human Appeal seeks to produce the best financial return within an acceptable level of risk.

The investment objective for the long-term reserves is to generate a return in excess of inflation over the long term whilst generating an income to support the on-going activities of Human Appeal.

The investment objective for the short-term reserves is to preserve the capital value with a minimum level of risk. Assets should be readily available to meet unanticipated cash flow requirements.

The Charity may invest in a permanent endowment; the assets should be maintained to at least maintain the real capital of the endowment, whilst generating a sustainable level of investment income to support the current charitable activities. The overall investment objective for an endowment can be quantified as inflation plus 3% per annum.

Risk

Attitude to risk

Human Appeal is reliant on fund raising and donations for its activities. Investment assets are held as reserves.

The key risk to the long-term reserves is inflation, and the assets should be invested to mitigate this risk over the long term. The trustees understand that this is likely to mean that investment will be concentrated in real assets and the capital value will fluctuate.

The short-term reserves are held to provide financial security, and may be required at short notice. As such, capital volatility cannot be tolerated and investment of these assets should be focused on minimising this.

The trustees are able to tolerate the volatility on the capital value of an endowment, as long as the endowment is able to meet current expenditure from the investment income.

Assets

The Charity's assets can be invested widely and should be diversified by asset class, by manager and by security. Asset classes could include, cash, bonds, equities, property, hedge funds, structured products, private equity, commodities and any other asset that is deemed suitable for the Charity.

The Board of Trustees are charged with agreeing a suitable asset allocation strategy for the reserves with advice from the investment manager and in consideration of Islamic Finance principles due to the ethical basis of such finance principles.

Currency

The base currency of the investment portfolio is Sterling (GBP).

Within the long-term reserves, investment may be made in non-Sterling assets, but should not exceed 50% of the total investment portfolio value. Hedging may be considered in light of advice of Islamic Finance principles.

Credit

The Charity's cash balances should be deposited with institutions with a minimum rating of A- or invested in a diversified money market fund.

Deposits should be spread by counterparty, subject to a maximum exposure of 25% of the total cash balance per institution.

Liquidity Requirements

Income from the long-term reserves will be used to fund the Charity's activities. A target income will be agreed with the investment manager on an annual basis, to enable effective budget.

Due to the nature of the reserves, the board wish to keep at least 90% of the long-term reserves in investments that can be realised within three months. All the short-term reserves should be realisable within one month.

Time Horizon

The Charity will divide its reserves into those expected to be held for a long-term time horizon and those that may be needed in the short term.

Ethical Investment Policy

The Charity has adopted an ethical investment policy to ensure that its investments do not conflict with its aims.

The Charity's ethical investment policy precludes direct or indirect investment in companies that generate any revenues from alcohol, tobacco, weapons, gambling, usury and/or any other such similar revenue streams.

Management, Reporting and Monitoring

The Charity will appoint a professional investment management firm (as and when required) to manage the assets on a discretionary basis, in line with its investment policy. The Charity has nominated a list of signatories, two of which are required to sign instructions to the investment manager.

The manager will provide the following information on a quarterly basis; valuation of investments, transaction report, cash reconciliation, performance analysis and commentary.

The manager will notify the Board of Trustees immediately if any of the following events occur:

- The Market value of any investment drops below 5% of the amortised value;
- The market value of the total portfolio drops below 5% of the total cost value;
- Any significant rating downgrade of any instrument or any institution.

The Board of Trustees have responsibility for agreeing strategy and monitoring the investment assets. The Board will review the information provided by the investment manager at each quarterly meeting. The investment manager will be required to be present in person to the committee.

Performance of the long term reserves will be measured against inflation and agreed market indices. The return of the short term reserves will be monitored against benchmark cash rates. The level of capital volatility will be monitored to ensure the risk profile remains appropriate for the Charity.

Policy Review




The investment policy statement was prepared by the Finance function at Human Appeal to provide a framework for the management of its reserves. It will be reviewed on a bi-annual basis to ensure continuing appropriateness.

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