



## **Investing Charity Funds Policy and Procedure**

### **Policy Statement**

Lost Chord UK is committed to the effective and responsible management of its charitable funds. This policy outlines LCUK's approach to investing charity funds in a manner consistent with the guidelines and regulations set forth by the UK Charity Commission.

### **Scope**

This policy applies to all trustees, staff members, and financial advisors responsible for investing LCUK's charitable funds.

### **Objective**

The objective of this policy is to establish clear guidelines for the investment of charity funds to ensure they are used to support the mission of LCUK effectively while maintaining financial responsibility and sustainability.

### **Investment Principles**

1. **Fiduciary Duty:** LCUK trustees, staff, and financial advisors have a fiduciary duty to act in the best interests of the charity, ensuring that investments serve charitable purposes.
2. **Financial Sustainability:** Investments should be aimed at preserving and enhancing the charity's assets to support its long-term objectives.
3. **Diversification:** Investments shall be diversified to spread risk while seeking the best possible returns.
4. **Ethical Considerations:** LCUK will consider ethical, environmental, and social factors in investment decisions, avoiding investments that conflict with its charitable purposes.

5. Compliance: All investments must adhere to relevant laws, regulations, and guidelines.

## **Investment Strategy and Procedure**

### **Step 1: Investment Strategy**

LCUK will **establish an Investment Strategy**, which will outline investment objectives, risk tolerance, and ethical considerations.

### **Step 2: Investment Advisor**

LCUK will engage an Investment Advisor or Financial Consultant with expertise in charitable fund management.

### **Step 3: Due Diligence**

LCUK, with guidance from the Investment Advisor, will conduct due diligence on potential investments. This includes assessing their alignment with the charity's objectives, financial stability, and ethical standards.

### **Step 4: Asset Allocation**

Asset allocation strategies will be employed to diversify investments based on the Investment Strategy.

### **Step 5: Reporting**

LCUK shall receive regular reports from the Investment Advisor detailing the performance of investments and compliance with the Investment Strategy.

### **Step 6: Ethical Considerations**

LCUK will monitor investments to ensure they align with ethical standards. Any concerns about the ethics of an investment shall be addressed promptly.

### **Step 7: Compliance**

LCUK shall ensure that all investments comply with relevant regulations and guidelines, particularly the Charity Commission's requirements.

### **Step 8: Review and Adjustments**

LCUK shall regularly review its investment portfolio and make adjustments as needed to achieve financial sustainability and charitable goals.

### **Step 9: Conflict of Interest**

Any trustee or staff member with a potential conflict of interest in relation to investment decisions must disclose such conflicts and abstain from related decision-making.

### **Step 10: Annual Review**

This policy will be reviewed annually, considering changes in the charity's investment objectives, ethical standards, and compliance requirements.

Last Review Date: 25.02.2024

Note: This policy outlines the procedures for the investment of charity funds at LCUK, ensuring responsible and effective use of funds in alignment with UK Charity Commission rules and guidelines.