



## ***Statement of Investment Policy and Principles***

### **1. BACKGROUND**

- 1.1 This Statement sets out the policies and principles governing decisions about investments for the Society of Antiquaries of London [the Fund] in accordance with the requirements of the Trustee Act 2000 and the Society's Charter.
- 1.2 This Statement has been agreed by the Council of the Society of Antiquaries of London (the "Society") who are its Trustees. In agreeing this statement Council has considered the advice of its Finance Committee. Under the Statutes of the Society the Finance Committee has the role of advising, with the Treasurer, on all matters connected with Finance and this includes all matters covered by this Statement.
- 1.3 The Fund's assets are held in trust by the Trustees. The investment powers of the Trustees are set out in Appendix 1 to Royal Charter and Statutes of the Society (as amended by the Trustee Act 2000). The powers granted by these clauses are wide.
- 1.4 The Trustees have appointed Sarasin & Partners LLP (the Fund Manager) to manage the assets of the scheme. The Fund Manager is regulated by the Financial Services Authority and is responsible for the day-to-day investment management of the assets of the Scheme. Under the Trustee Act 2000 the Trustees have a written agreement with the Fund Manager setting out the terms on which the Fund is managed.
- 1.5 The responsibility for the custody and safe-keeping of the assets is with the Fund Manager, as custodian, which sub contracts to Bank of New York Mellon. The assets are held by Sarasin & Partners LLP in a fiduciary capacity, they are responsible for the assets but the assets remain the property of the Society at all times.
- 1.6 The Fund Manager is required to give effect to this Statement in as much as it is appropriate for them to do so. In particular, the Fund Manager must have regard to the suitability and diversification of the investments.

### **2. POLICY**

- 2.1 The policy of the Trustees of the Society is to maintain for both the long term and at the present time the activities of the Society. The implementation of this policy is set out in para 3, Investment Objectives.

### **3. INVESTMENT OBJECTIVES**

The agreed structural asset allocation for the portfolio is a benchmark composite comprising of a 90% allocation to the Sarasin CAIF for Endowments and a 10% allocation to the Sarasin CAIF for Income and Reserves. This benchmark composite thus produces an asset allocation as follows:

Fixed Interest	20.0	9.5	41.5
UK Equities	19.0	9.0	29.5
Global Equities	46.0	27.0	56.5
Property	4.5	0.0	9.0
Alternatives	10.0	0.0	20.0
Cash	0.5	0.0	14.0

- 3.2 The two CAIFs each have their own fund specific allocation, and the allocation between the two funds is determined by the Finance Committee after consultation with Sarasin & Partners. The ranges shown in the table above represent the minimum and maximum tactical exposure that the Society's benchmark asset allocation would normally tolerate. This concept is a risk management tool to prevent excessive deviation from the 'neutral' asset class position.
- 3.3 Since the Society relies on income from the Funds to carry out its work and its income needs to be projected ahead, the Manager will discuss with any combination of the Treasurer, General Secretary and Finance Manager the likely dividend and interest income to be produced by the funds and the extent to which capital may or may not be drawn down. This discussion will take place in October/November of each year in time for the Society's annual rolling budget round. An income forecast will be produced for the Society's next financial year, for the four years following and for ten years hence. These discussions may be supplemented from time to time as the Treasurer thinks fit. These discussions will be reported to the Finance Committee and to Council.
- 3.4 The performance objective for the portfolio is to achieve a return greater than would be achieved by the structural asset allocation noted above, over a rolling 3 year basis. This data is provided by Sarasin & Partners in each quarterly report.
- 3.5 The Managers will be expected to outperform the benchmark on a rolling three year basis.

#### **4. INVESTMENT POLICY**

##### **Investments**

- 4.1 The Fund will be invested mainly in equities and a wide diversification of good quality holdings in the UK and overseas. UK and overseas bonds will also be held. This is in accordance with the wide investment powers permitted to the Society, in line with the duty to diversify investments, and in line with the Fund's objectives.
- 4.2 To ensure that investments are suitable, only readily realisable securities, which are traded on leading eligible markets, will normally be held. Where appropriate, collective investments, such as investment trusts and unit trusts will be held in particular to secure exposure to small or specialist sectors of the market.

- 4.3 Apart from exceptional circumstances, the cash levels of the Funds will remain within the range of 0% to 10%. If exceptional circumstances arise these will be reported in writing to the Treasurer and copied to the General Secretary at Burlington House within forty-eight hours.
- 4.4 The balance between the different kinds of investment will be established by reference to the asset allocation of the performance benchmark and the Manager's judgement of the future returns likely to be obtained on each asset class. To control risk, the differences will be regularly monitored and reviewed by both the Fund Manager and, on a quarterly basis by the Finance Committee.

## 5. TRUSTEES' POLICY TOWARDS RISK

- 5.1 **Risk relative to liabilities** - Since the funds finance a major part of the Society's core activities, the Society cannot afford an Investment Policy which puts this at risk. The investment objectives explicitly acknowledge that the overall policy towards risk includes the vital need to generate sufficient income and, where possible, to protect the invested capital base over the long term.
- 5.2 **Risk from unsuitable investments or inappropriate investment activity** – The Fund Manager is free to invest in any investment which they deem suitable for the Fund, within any constraints specified in the agreement with the Trustees, and with a view to giving effect to the principles contained in this statement. The Fund Managers do not have any consent as agents of the Trustees to appoint substitutes, with the exception of the delegated Custodian function and pooled fund management vehicles. The Fund managers will ensure that suitable administrative procedures are in place to stop individuals making investments for the Scheme outside the above parameters.
- 5.3 **Risk from lack of diversification** – The Fund Manager will ensure that the Fund is suitably diversified in order that the Fund is not over-exposed in any one sector.

## 6. REALISATION OF INVESTMENTS AND MAKING NEW INVESTMENTS

- 6.1 The Fund Manager is expected to actively manage the whole investments on a day-to-day basis in order to meet the objectives of this Statement. This means that investments will be realised by the Manager for both stock specific and asset allocation reasons and furtherance on the investment policy.
- 6.2 The Fund manager is required, however, to bring to the Trustees' attention any new category of investment which in their judgement has become suitable for the Fund, before investing in that category. (The Fund Manager is permitted to invest in derivatives and futures, but only for non-speculative reasons.)

## 7. TRUSTEES' POLICY TOWARDS RESPONSIBLE INVESTMENT

- 7.1 Considerations about the historic environment and its protection form an integral part of the Society's investment process in keeping with its primary charitable objectives to "encourage, advance and further the study and knowledge of the antiquities and history of this and other countries". The Trustees have agreed that the Society should not invest in anything which would prejudice the achievement of those objectives. The Fund Manager, within the powers of investment delegated by the Trustees, will take impacts on the historic environment into account when assessing the suitability of stocks. They will also seek to identify opportunities for sustainable management of the Society's assets. The overall aim is to invest in the best financial interests of the Society without prejudicing its primary objectives.

## **8. ETHICS AND STEWARDSHIP**

- 8.1 The Trustees are mindful that their investment managers exercise their right to vote on their behalf on significant issues and in addition employ the following ethical restrictions:
- 8.2 The fund will not invest in tobacco, and will also avoid investment in companies that have more than the percentages shown below of their turnover from the following;

Alcohol manufacture - producers 5%, related revenues 10%.

Armaments manufacture - revenues from activities related to weapons systems 10%, civilian firearms 0%.

Gambling operations - revenues from gambling operations 5%, gambling related activities 10%.

Adult entertainment - revenues from activities related to adult entertainment 5%.

The ethical restrictions are not considered to be so restrictive as to be likely to impact long term performance; the fund's performance is measured against a composite index of market indices that are unrestricted. The Society aims to minimise all such investments but recognises that unintended consequences may arise if they were completely excluded.

## **9. COMPLIANCE WITH STATEMENT**

- 9.1 The Fund Manager will prepare reports to the Trustees each quarter. In considering these reports the Trustees will seek the advice of the Finance Committee. These reports will include:
- a) the results achieved over the period under review and how they correspond to the benchmarks exemplified in 3.2 (including rolling three year averages)
  - b) a notice of any breaches of compliance with this statement
  - c) details of any changes in their policy on responsible investment
- 9.2 Any changes in the officers of the Fund Manager, nominee or the custodian, which might affect their suitability to manage the Scheme's assets, must be notified in writing to the Treasurer, acting on behalf of the Trustees, together with a copy to the General Secretary, within forty-eight hours of such changes.
- 9.3 The Trustees will:
- a) review this Statement every year taking particular note of the impact of any changes of circumstances on the Investment Policy of the Society and will revise or replace this Statement in the light of this review
  - b) assess at least once a year whether this Statement is being complied with
  - c) review the investment performance of the Fund manager no less frequently than annually
  - d) keep under review the suitability of the Fund Manager, nominee and custodian referred to in clauses 1.4 and 1.5.
- 9.4 The Trustees will, as appropriate and necessary, exercise the "power of intervention" as defined in the Trustee Act 2000.

Revised annually and recommended by Finance Committee to the Council of the Society on 21 October 2020.

Dated \_\_\_\_\_

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Treasurer