

## **INVESTMENT POLICY**

### **Introduction**

1. The Academy of Social Sciences is a registered charitable company. As such it is registered with both the Charity Commission under number 1088537 and the Registry of Companies under number 3847936.
2. The Academy exists to be the voice of the social sciences in the UK for the public benefit. As such, it is the National Academy of Academics, Learned Societies and Practitioners in the Social Sciences.
3. It is a membership based organisation. Currently there are around 1100 individual Fellows and 41 Learned Societies in membership.
4. In 2011, the Academy launched its Campaign for Social Science (CfSS) to promote the use of social science in public policy making and public discourse. The Campaign is managed autonomously and has its own Board. However, it has no separate legal entity and its assets are incorporated into the Academy's Accounts. They are restricted for usage, but not for management.
5. Funds for investment will comprise surplus funds from the collection of Academy membership subscriptions and donations to the CfSS.
6. Funds for investment are an amalgamation of restricted and unrestricted funds. The Academy has an internal allocation model for attributing costs and income between the entities. This is verified by external Independent Examiners. No sub division is required of investment managers. All funds will be in the Academy's name.
7. Annual Budgets are set for both the Academy and Campaign. Funds for investment will be the funds not anticipated to be required during the year and typically will comprise the combined Reserves of both entities. Only unexpected calls on Reserves from unbudgeted activity are likely to require withdrawals from the investment portfolio during the course of the year. Investments are unlikely to be used for the purposes of liquidity management.
8. The Academy has £250,000 available for investment currently. Over time this should grow incrementally as the Academy grows its membership and funding streams.

### **Objectives**

9. The Academy's investment objective is to generate annualised returns of inflation, plus 4% over the long term, after fees and expenses.

10. A total return approach is to be adopted, generating the investment return from income and capital gains or losses.
11. Investments will be held in pooled funds, including unit trusts, open ended investment companies (OEICS), investment trusts, bonds, REITs and exchange traded funds, or cash only.
12. Unless agreed to the contrary by the Investment Committee, a spread of not less than 10 holdings (plus cash) will be maintained at any one time.
13. Holdings will be spread by fund manager and asset class.
14. Investments principally will be in Sterling denominated funds only, unless the investment manager recommends currency hedging to protect the value of funds. If so, this will be subject to an overall limit of 10% of the value of the portfolio.
15. The Investment Committee will agree an overall asset allocation policy with the investment manager commensurate with the achievement of the investment objective.

## **Risk**

16. The risks of investment will be mitigated in the followings ways:
  - 16.1. Investments will only be by way of pooled funds. Specifically, individual shares or securities will not be held.
  - 16.2. The asset allocation process will provide for a spread of holdings.
  - 16.3. Individual holdings will not exceed £25,000.
  - 16.4. The number of holdings shall be at least ten, once the portfolio is fully invested.
  - 16.5. Stock selection will ordinarily be confined to first or second quartile performing funds on a historic basis, unless the investment manager has good reason to recommend a historically poor performing fund because of a change in market sentiment to the style of investing or in the manager.
  - 16.6. No individual company investment through a pooled fund / investment trust should exceed two and a half per cent of the funds under management. In practice this means that if ten funds are held at £25,000, then no fund should hold more than ten per cent ie £2500 in any individual company holding. The largest holdings of the majority of pooled funds comprise a weighting of very much less than this in their portfolios.
  - 16.7. The likelihood of such a limit being breached is only through the amalgamation of holdings where several funds hold the same investment because it is a key

component of the index, for example. This will need to be reported and agreed by the Investment Committee.

### **Socially Responsible Investment**

17. The Academy wishes to pursue a Socially Responsible Investment policy in line with its values. These include equality of opportunity for current and future generations. The Academy wants its investments to support companies that promote good social, environmental and governance policies.
18. The Academy does not wish to pursue an exclusionary policy, but individual holdings may be excluded if perceived to conflict with the Academy's aims, objectives and values.

### **Management Reporting, Monitoring and Review**

19. The investment manager is required to provide online access to the investment portfolio, including its composition and valuation, on a real time or close to real time basis.
20. The investment manager is required to produce a full valuation and performance review quarterly, together with details of all transactions.
21. The Academy's Investment Committee comprises the Academy's Executive Director, Hon Treasurer and Hon Secretary. Their role is to monitor and review performance with the investment manager and give instructions for changes in the composition of the investment portfolio. Any two of three signatures will be required for written instructions to be given.
22. The Investment Committee will report formally on its oversight of investments and the management of risk biannually to the Academy's Audit and Risk Management Committee who in turn will report to the Academy's Council.

### **Approval and Review**

23. This Investment Policy Statement was prepared by the Investment Committee, endorsed by the Audit and Risk Management Committee and approved by the Academy's Council at its meeting on 25<sup>th</sup> February 2016.

**Stephen Anderson**  
**Executive Director**  
**3<sup>rd</sup> March 2016**