RAF REGIMENT ASSOCIATION

INVESTMENT POLICY STATEMENT - 2020

1. Introduction

1.1 The RAF Regiment Association (“the Association”) is a Charitable Incorporated Organisation (CIO) (Reg No 1157881), authorised by Charity Commission constitution dated 26 June 2016.

1.2 The Association’s purpose is to foster, by any charitable means, the esprit de corps and comradeship amongst all RAF Regiment personnel, both past and present, in order to promote the good name and traditions of the Corps.

1.3 The overall financial objective of the Association is to ensure that its funds are secure and available for use. The Association has no endowed funds and is dependent on subscription income which is at risk of falling membership and not sufficient to fund the Association’s activities. The objective of the Investment Policy is to generate a stable and sustainable return to fund the Association’s ongoing activities, in particular to address the risk of any reduction of membership subscription. The inflation measure most relevant to the Association’s expenditure is the Retail Price Index (RPI).

1.4 At the time of the Association’s 2018 AGM, it had approximately £97,000 in cash deposits. The trustees have concluded (see Reserves Policy Statement dated 1 November 2018) that it would be prudent to retain a General Reserve sufficient to support the current level of activities for a period of 12 - 24 months and that a sum of £17,000 would suffice for this purpose. Thus, the remainder, amounting to approximately £80,000 is available for investment. The sums for the General and Restricted Reserves have been reviewed and, based on the 2018/19 performance, are considered sufficient for the 2019/20 period.

2. Power to Invest

2.1 Para 4.5 of the CIO Constitution stipulates that the CIO has the power to “deposit or invest funds, employ a professional fund manager, and arrange for the investments...to be held in the name of a nominee, in the same manner and subject to the same conditions as the trustees are permitted to do by the Trustees Act 2000.”

2.2 Para 67 of the Rules of the Association stipulate that the “investments of the Association shall be vested in the name of the Association National Management Committee as nominee for the Association”.

3. Investment Objectives

3.1 The Association seeks to produce the best financial return within an acceptable level of risk.

3.2 The investment objective is to generate a return of RPI plus 2% - 4% per annum over the long-term, after costs. This approach should allow the Association to maintain the real value of its assets, while funding any shortfall in subscription income and to continue and expand the Association's activities. If, in any one year, the return is not sufficient to achieve this, the Association shall use its cash reserves to fund the shortfall. The investment objective has been reviewed and is considered appropriate for the 2019/20 period.

4. Risk

4.1 The trustees are aware that a degree of risk is inherent in any investment and have concluded that the General Reserve (see para 1.4 above) shall be sufficient to accommodate fluctuations in investment income. The trustees can therefore accept a low to moderate risk investment portfolio.

4.2 In order to minimise risk, the trustees require that the Association's investments are prudently diversified by the Association's Investment Fund Manager (IFM).

5. Liquidity Requirements

5.1 The trustees hold a General Reserve (see para 1.4 above) to deal with any immediate or short-term cash requirements. Investments can therefore be placed with medium to long-term vehicles.

6. Ethical Investment Policy

6.1 The trustees do not wish to adopt an exclusionary policy. However, individual investments may be excluded if perceived to conflict with the Association's purposes.

7. Time Horizon

7.1 The Association is expected to continue in the long-term and investments should be managed to meet the investment objective and ensure sustainability. The Association can adopt a long-term investment time horizon.

8. Management, Monitoring and Reporting

8.1 The trustees will appoint an IFM, authorised under the Financial Services Act 1986, to manage the portfolio on a discretionary basis in line with this policy. The IFM will provide custody of assets and is required to produce a valuation and performance report at not less than 6-month intervals. The Association has nominated a list of authorised signatories, two of whom are required to sign instructions to the investment manager.

8.2 The trustees will meet twice each year to review the portfolio, the return and the risk. Performance will be monitored against agreed market benchmarks and the current investment objective of RPI plus2% - 4% pa. This objective shall also be regularly reviewed by the trustees.

8.3 The trustees will review the Investment Policy Statement annually to ensure its continuing appropriateness and will explain their continuing or amended investment strategy in their annual report. The trustees will also review the Association’s overall financial position and report the investment performance to the membership annually, as part of the Treasurer’s report to the AGM.

Kevin Ottaway
Chairman NMC
30 December 2019