

Charity Investment Seminars Series

Topics

<p><i>Seminar 1</i> Investment strategies</p>	<p>Endowed organisations adopt a range of different investment strategies, depending on their objectives, commitments, tolerance of risk, liquidity requirements, levels of expertise and so forth. In this first seminar we will hear about three contrasting strategies. We will explore why the three organisations have chosen those particular strategies, how they differ, and what consequences follow in terms of cost, planning for expenditure, governance etc.</p>
<p><i>Seminar 2</i> Risk</p>	<p>Risk is commonly thought of as something to be avoided, but without risk investments produce no (or at least only meagre) returns. Greater returns imply accepting greater risk, but greater risk does not guarantee greater returns. How are endowed charities to deal with this? What are the components of risk (eg inflation, default, volatility, shortfall)? How does an organisation decide what is an appropriate level of risk for it to accept, and how does it feed that understanding into its investment strategy?</p>
<p><i>Seminar 3</i> Governance</p>	<p>Boards of endowed trusts vary in the extent to which they include Trustees who are experts in investment matters, yet such boards are responsible for the management of the endowments as well as for charitable expenditure. How can boards make rational and confident decisions in a world where uncertainty is intrinsic, and where legions of highly paid experts are queuing up to offer (often conflicting) advice? What external advice do boards need? How do they identify advisers, and what should be the relationship between boards, advisers and paid staff of the trust? What issues arise and how are they dealt with in practice?</p>
<p><i>Seminar 4</i> Long term returns</p>	<p>All those attending the seminars are long term investors. In principle this should be an advantage and trusts should be able to use this advantage to gain bigger returns. Received wisdom is that over the long term equities outperform other asset classes. But this (like all investment analysis) is based on historic data. What are the prospects looking forward? How can trusts best take a long view? How can they take advantage of their long horizons and low liquidity requirements? What actions should they be taking? What are the risks?</p> <p>Or</p> <p>How much should you spend?</p> <p>Most Foundations aim for a steady and sustainable rate of expenditure. They also aim to preserve capital in real terms. Whether you invest for income or total return this poses a set of questions. What is a sustainable rate of expenditure? What is the best way to manage volatility (whether of capital or income)? How can one achieve intergenerational equity; ie how can one set a rate of expenditure that neither underspends (thus growing capital and favouring future generations), nor overspends (the opposite). What is a reasonable assumption about long term rates of return, and how can one tell whether this is being achieved?</p>

