In Echarities Charities Charities

Issue 4 Summer 2019



Fiduciary duties and obligations in the spotlight



Financial governance – what do Trustees need to know?

Assessing a Trustee's financial responsibilities



ESG investing – a new requirement from 2020?

How Charles Stanley plans to meet its ethical goals



Who makes the important decisions for your charity's investments?

Trustees need to understand the overall risk



Welcome

Welcome to the latest edition of InFocus, Charles Stanley's magazine for the charities sector. In this issue we take a look at how a charity can diversify its investments through the commercial property sector. John Redwood, Charles Stanley's chief Global Strategist, also looks at the issues Trustees need to take into consideration when choosing an organisation or individual to manage their money. We also take a look at aspects of financial governance that all Trustees need to know.

In light of recent scandals, Trustees of charities are increasingly aware of the potential risk to their personal reputation, we take a look at this important issue and the steps Trustees can take to minimise any risks. As trade continues to be a major issue between the US and China, Garry White, Charles Stanley, Chief Investment Commentator, looks at China's Belt and Road Initiate and the many criticisms it faces.

We are always keen to hear what you think. If you have any thoughts on which aspects of the magazine you like and where you think we could do better, please email InFocus@charles-stanley.co.uk with your comments and questions.



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A personal view from our Chief Executive

The Charity Commission has set out its Statement of Strategic Intent for the next five years. The statement acknowledges that demands on charities are growing, with many providing essential services and intervening when governments can't or won't help some of our society's most vulnerable people.

The Charity Commission reported that one of the challenges facing the sector is a decline in public trust, in part as a result of recent high-profile cases, but also a reflection of the times that we live in. In the face of this challenge, the Charity Commission has re-defined its strategic purpose "to ensure charity can thrive and inspire trust so that people can improve lives and strengthen society".

The purpose is broken down into five strategic objectives, with the Charity Commission seeking to increase its focus on regulation beyond legal requirements to become more than a "statutory regulator". In order to deliver on this purpose the Charity Commission proposes to ensure that charities are held accountable for their charitable status and the stewardship of charitable resources. Given the backdrop, we support this move.

Since the last issue of InFocus magazine, markets have staged an impressive recovery from the gloom that was prevalent at the end of last year. Much of this is down to a welcome change in tone from central banks. However, the strength of the gains so far this year implies a period of consolidation could be approaching.

As this issue of InFocus goes to press, the United Kingdom's proposed withdrawal from the EU has been delayed until 31 October 2019. At Charles Stanley we are taking steps to ensure that we continue to provide the best possible outcomes for our clients, whatever happens.

As a UK-based business, we do not anticipate that Brexit will significantly affect the services we provide our clients or the way in which we deliver them. Where a client's specific circumstances mean that this may not be the case, we will contact them on an individual basis.

We are closely monitoring the implications of all potential outcomes, in conjunction with the Financial Conduct Authority (FCA), trade bodies and other firms across the industry, and are ready to react as needed. As soon as there is clarity we will provide more details on if, or how, clients may be affected. Regardless of the outcome, HM Treasury and the government have stated there will be sufficient notice to put in place any new measures.

In the meantime, clients' accounts continue to operate in the normal manner. Should you have any questions at all about how Brexit might affect your investments or the service we provide, please get in touch.



Paul Abberley, Chief Executive, Charles Stanley

Is China's Belt and Road Initiative a threat to the West?

China's "New Silk Road" aims to improve trade between Asia and Europe, but the growing influence of Beijing and its tactics around debt have got hawks in Washington worried. They argue that China is using its wealth to buy influence across the world – and are preparing for a decades-long fight for economic supremacy and influence. Is the programme as much a threat as some US hawks believe?

The One Belt One Road initiative, or the Belt and Road Initiative (BRI), is the name given to a Chinese government megaproject to improve trade and economic growth between the countries of Asia and Europe, primarily through infrastructure investments. It is the largest infrastructure project envisioned in modern times.

First proposed by Premier Xi Jinping in 2013, the initiative will involve countries hosting some 68% of the world's population and 40% of global GDP. The final investment cost is expected to stand at between \$4 trillion and \$8 trillion.

The "belt" refers primarily to connecting countries on the traditional Silk Road route from Asia to Europe. An example of this would be the direct rail freight route between Chongqing, China and Dusseldorf, Germany which passes through Kazakhstan, Russia, Belarus and Poland.

The "road" refers to countries connected by the "Maritime Silk Road", an oceanic trade route that encompasses south Asia, Oceania, east Africa and southern Europe. Although this ambitious initiative by China has the potential to benefit the countries in which it invests, it has proved controversial in participating counties. The main criticism involves the amount of debt China has piled on poorer counties in an attempt to embed these developing nations in its sphere of influence. Critics argue that this borrowing trap will be used to exert significant leverage on participating counties and their leaders when they inevitably find themselves in financial distress. Indeed, last year, as it creaked under a \$1bn (£760m) debt obligation to China, Sri Lanka was forced to hand over the strategic Hamb<mark>antota</mark> Port to companies owned by the Chinese government. This is a good example of the debt trap critics have argued is a deliberate part of the scheme.

The Maldives has already asked Beijing to reduce the debt accrued as part of its participation in BRI, with the island state's new finance minister claiming that the value of its debt was inflated through corruption and graft. "This was wilful corruption," lbrahim Ameer told the *Financial Times*.

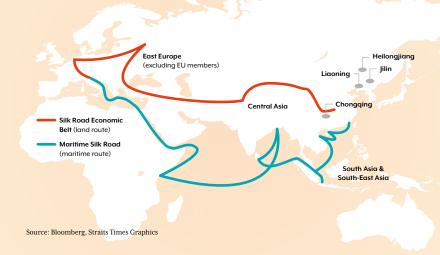


"[The former government] knew what they were doing, getting kickbacks from contractors...That's why the contract prices were too high."

There are also important geopolitical considerations too – as Washington and Beijing battle over their global influence. Last month, China Merchants Port Holdings took over operations at the strategic Doraleh container terminal in the small African nation of Djibouti. This is significant for the Trump administration as Camp Lemonnier, the US's only permanent military base in Africa, is located about two miles away. Now, the Italians want the Chinese to invest in the port of Trieste in order to make it the Asian nation's gateway into Europe. This has proved a very provocative move, for both Brussels and Washington.

China and the US are currently locked in a conflict over their future spheres of influence. The current trade war is a small

China's One Belt, One Road Initiative



Chief Investment Commentator

Garry White

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company obeys regulations in all countries in which it operates.

There are some concerns that there is a military aspect too. In December, the New York Times reported that it had reviewed a confidential plan about China's military projects in Pakistan under BRI. According to the proposal, a special economic zone will be created to produce fighter jets, while navigation systems and other military hardware will be jointly built at factories in Pakistan. China was "for the first time explicitly tying a Belt and Road proposal to its military ambitions," the newspaper concluded.

As well as this military aspect, there are worries that participating countries will make themselves too reliant on China. While many of the countries benefiting from the BRI are in dire need of infrastructure and modernisation, China supplies almost all the workers to carry out the projects, which limits the scope for local involvement, creating tensions with "excluded" younger host-country populations. This has caused some to argue that the BRI could even end up creating infrastructure networks for extreme and radicalised organisations in unstable countries.

China and the US are in the midst of a struggle for dominance. China insists that BRI is benign, but it is likely to continue to build tensions with the US. Coming at a time when the "America First" Policy is resulting in the US becoming increasingly isolationist, the BRI is a threat to the West as it increases the "soft power" of China in a number of strategically important countries. However, these countries are starting to conclude that that the BRI is not a magic pot of gold – and it is likely to come with a significant sting in the tail. This is a welcome development everywhere but Beijing.

part of this battle for dominance. In October last year, US Vice President Mike Pence declared that there was a new "cold war" developing between the two countries. So, any resolution of the trade war will be a small truce in this longer-term battle. This means the new cold war is being fought in other arenas, particularly online.

Since Donald Trump started his trade war with Beijing, cyberattacks on the US by Chinese state actors have increased sharply. US cybersecurity group CrowdStrike, the company which revealed the Russian hack on the Democratic National Committee in 2016, recorded a significant "increase in tempo from Chinabased adversaries" since the middle of 2018.

It is no co-incidence that industries targeted in cyber-attacks are in sectors central to the Asian nation's technology strategy as laid out in Premier Li Keqiang's Made in China 2025 (MIC 2025) plan, unveiled in 2015. The policy targets many fields including robotics, artificial intelligence (AI), smart appliances and electric vehicles. The Crowdstrike report suggests that, while making positive diplomatic noises in trade discussions, cyber-espionage by China has now increased significantly.

This supports fears that Huawei, the world's largest manufacturer of telecoms equipment, could spy on behalf of the Chinese government if its components were used in telecoms networks. The company is now banned from bidding for US government contracts; New Zealand and Australia have blocked local telecoms operators from using its equipment in their fifth-generation networks – and Germany is mulling a similar ban. In the UK, BT Group has removed Huawei components from a system it is developing for the emergency services and GCHQ is looking into the issue. Nevertheless, Huawei executives argue the

Financial governance – what do Trustees need to know?

Jonathan Orchard of charity accountants Sayer Vincent looks at the financial responsibilities that charity Trustees face.

The Charity Commission guidance – CC25 – gives chapter and verse on the financial responsibilities that rest with Trustees. It is important reading for any Trustee and a helpful reminder for experienced Trustees. But, in practice, for charities with more than a handful of staff, the day-to-day practical implementation of many of those responsibilities will rest with the CEO and their finance team. I want to focus on those areas that I would expect to be at the forefront of the Trustee board at the current time.

Charities are facing greater pressures than ever and many of these pressures are giving rise to increased financial risk. And, in my view, it is aspects of financial risk and an understanding of the charity's business model that should £ be focusing Trustee attention. Financial risk arising out of a charity's business model should be the key driver behind its reserves policy. A bland policy for three months or six months of income/expenditure suggests to me that the Trustees do not fully understand the financial risks. Such policies can lead to either too low a level of reserve or the unnecessary tying up of charitable resources. The kinds of financial risks that should form the basis of a reserves policy

income security

include:

- nature of cost base
- · level of long-term commitments
- future strategic investments
- other risks that may draw on unrestricted funds (foreign exchange, matched funding, donor clawbacks)

Reserves help to secure medium term financial viability. Working capital

management secures short-term survival. Reserves and working capital are often considered together and while they are related it is perfectly possible to have strong working capital and no reserves and vice versa. The funding environment is increasingly requiring pre-financing or sufficient working capital to absorb funding in arrears. Headline income growth can mask working capital difficulties which, if combined with high fixed costs, can bring a charity down.

This is why Trustees should expect management accounts to include balance sheet trends and cash flow

Trustees should therefore ensure that they know their charity's business model and the key financial risks that arise. They also need appropriate assurance mechanisms in place to give them the confidence in how those risk are being managed.

forecasts as well as an income and

expenditure account.



By Jonathan Orchard Partner at Sayer Vincent

Jonathan Orchard works with a broad portfolio of external and internal audit clients. He has dedicated his career to building the effectiveness of social purpose organisations. He speaks regularly on subjects including charity risk management, internal audit & assurance and fraud prevention. He is a qualified chartered accountant and treasurer of INTRAC.

Charity fraud is very much in the Charity Commission's spotlight – a high proportion of serious incident reports relate to fraud. Nothing harms a charity's reputation more than the risk that donor funds are lost through fraud. Yet in too many cases, fraud risk only hits the Trustees' radar after an incident has happened. To help Trustees, the Charity Commission has produced a short document on the 10 questions that Trustees should ask in relation to fraud.

Trustees also have an important role in setting the policy for how a charity's finances are reported on externally. Obviously, the annual Trustees' report and accounts are one aspect of this. I read many Trustees' reports and am often disappointed at the quality of the financial commentary. There is a real missed opportunity to use the Trustees' report to tell the story of how a charity converts its financial inputs into social impact. This is ultimately what a potential donor is looking for when they read a set of accounts (for those that do). This can be done by explaining more about the financial model and how critical resource allocation decisions are made.

But there are other ways in which charities communicate their finances. Simplistic use of cost ratios – eg x% of income goes on 'charitable expenditure' – might strictly be true per SORP definitions but be misleading in the eyes of the general public and result in reputation risk. The question of what messaging is and isn't appropriate is a valid one for Trustee consideration.

Charities under the spotlight – the need to improve governance

Why it very important that Trustees 'know their charity'

It would be easy to conclude that the charity sector is in freefall – that its reputation is being eroded. Recent press reports have linked scandals to the breakdown in trust contributing to a downturn in charitable giving. To some extent this is true (CAF UK Giving May 2019).

There is, however, another picture. Reports also show that donor relationships are changing – fewer donors, that are giving more, and who want to see where their money is going. In fact, Charity Financials recently reported an overall increase in giving among the largest fundraising charities.



Reports show that donor relationships are changing – fewer donors, that are giving more, and who want to see where their money is going.

The sector seems to be taking a good look at itself. Save the Children released its independent report into harassment in October 2018. Oxfam recently disclosed its investigation into sexual harassment in Haiti.

The regulatory climate

There has been a raft of recent changes designed to improve governance. The Charity Commission was given new powers under the Charities (Protection and Social Investment) Act 2016 which it has started to use. We have a Fundraising Regulator, a sector developed Charity Governance Code, and a revamped version of the 'The Essential Trustee'.

But the funding has not followed the changes. The Commission is under

pressure, and is still feeling the effects of its budget being slashed in half. Delays in obtaining advice and/or decisions are now inevitable. An increasingly common approach seems to be allowing Trustees to simply get on with things. Empowering as it may be, there are obvious risks with such a 'hands off' approach – a failure to maintain some very basic standards of governance being one.

Common Failings

A key issue seems to be charities failing their 'primary' legal duty. This is to 'know your charity'. This is not limited to knowing the charity's legalistic objects. It is about understanding how these actually match delivery, and whether a charity's core purpose is being properly fulfilled.

Understanding purpose goes hand in hand with the legal obligation to act in a charity's best interests. These were the key learning points from the Save the Children, Oxfam and the Presidents Club scandals. Charities are starting to acknowledge a need to place their staff, beneficiaries and values ahead of reputation management, or a need to maximise their commercial edge. This can of course be a challenge, as charities are also under a duty to safeguard and make full use of their assets.

Another key failing can be accountability, and the ability to recruit a diverse and skilled set of Trustees who are then able, and willing, to hold their management and/staff to account. Where the board lacks skills, they will usually fall short in other areas, such as failing to identify key risks, and failing to properly manage conflicts of interest.

What can be done to bridge the accountability gap?

There are number of ways to improve accountability between the Trustees and the rest of the charity. To list a few:



By Nadeem Azhar Associate, Hempsons

Nadeem specialises in advising charities and social enterprises, focusing on their governance and commercial activities. He also works with the broader social sector, from campaign bodies to employee-led organisations, as well as on collaborative projects delivering health and social care. He is part of a team that advises household name charities, including Zoological Society of London, The Royal Exchange Theatre and Letchworth Garden City Heritage Foundation. He has been a Trustee of the National Maritime Charity, Seafarers UK and the grant-making Sylvia Waddilove Foundation, and continues to work pro-bono with theatre companies in London.

- Senior staff and management need to understand the role of Trustees and their oversight function – not just the board of Trustees
- Trustees and management should work together to identify skills gaps and improve recruitment and induction processes
- Trustees should be willing to challenge the charity's overall strategy, and set the 'know your charity' agenda. They should input into the charity's core set of values
- Communication needs to be open and simple, with information shared throughout the organisation. Trustees should foster a culture of collaboration and integration.



CHARITIES: PROPERTY

Property is an important diversifier for charity funds

In the past, most charities' investment portfolios have consisted mainly of equities and bonds, but in today's volatile economic environment it has never been more important for charities to hold a diversified portfolio of investments.

One of the best performing asset classes over the past three, five and ten years has been commercial real estate, which can help add an extra element of diversification and stability to investment portfolios for several reasons.

Firstly, commercial property delivers a high (and relative to bonds – very high) level of income. This income also tends to be relatively predictable – even in times of economic uncertainty when companies may issue profit warnings, announce redundancies and suspend dividend payments, tenants still continue to pay their rent as they have no choice if they wish to continue trading.

Secondly, commercial property has historically been a less volatile investment than equities or bonds, partly because of this high and stable income component (circa 5% per annum on average over the last 5 years). We don't see this significant advantage being eroded any time soon, with base rates and gilt rates remaining low for the foreseeable future. Unlike other investment classes, property represents a tangible, real asset. Therefore, instead

of simply being restricted to buying and selling, investors can improve returns through active management of their investments. This can include, for example, refurbishment and extension of a property or a change of planning use class to facilitate a higher value use. It might also include taking a surrender of a unit in a multi-let property in order to secure a new letting at a higher rent thus creating rent review evidence for the other units.

Turning to current market conditions, the commercial real estate market delivered remarkably stable returns last year of close to 7%. However the devil is in the detail and there are areas of both strength and weakness. Shopping centres and the majority of high streets are in decline, with a number of high-profile occupiers entering administration (Debenhams, LK Bennett, Maplin, Toys "R" Us) or using the CVA mechanism to shed stores and reduce rents (i.e. Carpetright, Mothercare, Arcadia and Homebase). This sub-sector is best avoided for now. However, the supermarket operators have been doing well, with Aldi and Lidl continuing to expand and Tesco



By Harry de Ferry Foster Savills



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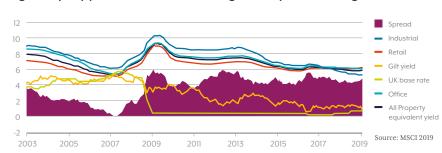
having bounced back strongly. Elsewhere the outlook is much more positive - logistics has been performing particularly well due to the growth in online retailing. In the alternatives sector, the budget hotel and self-storage groups have been on a roll and are expanding quickly. London has performed very well since the referendum vote (contrary to many people's expectations) with record occupational take up and record overseas investment. All these sectors are being helped by a lack of new supply as the prevailing cautious atmosphere in light of the continuing Brexit negotiations hold back speculative development.

So how should one invest in this sector?

1. Investing directly

Just like buying your own house, investing directly has the benefit of owning the property outright and being in complete control. However, remember that direct property can be illiquid due to the long sales and marketing process compared with shares and bonds, plus you will also need to manage the building yourself and decide when is the best time to sell – one of the most difficult things to judge with any investment.















You would also need to decide whether you will be able to maximise performance by exploiting all the potential angles: refurbishment, redevelopment or change of use, and would you be prepared to suffer the fall in income whilst you do this or if a tenant became insolvent?

This may depend on your charity's constitution — if you are a total return fund this may not matter, but if you are permanently endowed it may be more problematic. Generally, owning directly tends to appeal to larger charities because they have the scale to be able to afford a large diversified portfolio of buildings let to multiple occupiers. This means they are insulated in the event of, say a tenant default on an individual property.



2. Investing indirectly through a REIT
Real Estate Investment Trusts (REITs) are
an easy way for individuals to invest in
commercial property without the need to
buy any one building outright or to take
on the associated hassle of dealing with
tenants. Whilst REITs are well established as
a form of investment worldwide, they were
only launched in the UK on 1 January 2007.

If you choose to buy shares in a REIT you will not be buying into an individual property but instead putting your money into a fund which buys properties for letting purposes. This eliminates the risks associated with 'having all your eggs in one basket' as the fund will own various properties, potentially over various sectors of the property market. So, effectively, you will own lots of tiny slices of many properties. Nine UK property groups elected to convert to REITs at the outset on 1 January 2007, and they include the likes of British Land and Land Securities and

others have been launched subsequently. Some also specialise in a particular sector (such as INTU – shopping centres – and Supermarket REIT). As part of their requirements to be granted REIT status, a property owning company must distribute 90% of their rental income directly to its shareholders in the form of a dividend. In return, the REIT becomes exempt from paying any Capital Gains Tax.

There is a tax downside, however, in that REIT's have to pay stamp duty land tax (currently levied at approximately 5% on any commercial transaction) and dividends will be subject to withholding tax. Neither of these apply in a CIF.

3. Investing indirectly through a Common Investment Fund (CIF)/ Unit Trust

Commonly known as pooled funds (as they are set up with the aim of "pooling" together multiple investors), the rationale being to gain economies of scale and increased purchasing power. They allow access to a much larger and diversified pool of assets than you would be able to afford individually and access to professional management. Property is a capital intensive asset requiring critical mass to maximise returns and minimise risk – we estimate that the minimum size of property portfolio to achieve these objectives is some £50 million. Hence, for the majority of charities, which are unable to run their own segregated portfolios of such size, investment through pooled vehicles is perceived to offer many advantages, such as:

Property diversification – First and foremost, by pooling their interests the charities can access much larger portfolios which provide the required diversification by type and geographical spread;

Asset diversification – By holding units rather than large, "lumpy" individual





buildings charities can manage their overall exposure to real estate and adjust their portfolio weightings more easily; Lot size – Larger pooled portfolios can acquire larger buildings than individual charities acting on their own account. This may also allow access to markets previously out of reach (Central London for example).

Management Time – Property investment is a management-intensive, specialist field. Investment through pooled schemes reduces this onerous burden for Trustees while enabling access to specialist property investment managers;

Stamp duty land tax (SDLT) – Whilst levied on a sliding scale, most properties incur SDLT of close to 5%. Charities are exempt. By acting collectively, in a special charity vehicle, this gives a clear performance advantage.

ESG – Being seen as a 'responsible investor' is becoming increasingly important to Charities and a charity specific Common Investment Fund will actively promote environmental, social and governance (ESG) aspects in its investment philosophy. They will also have an ethical policy. The Fund Management team will work together with a third-party sustainability consultant to follow an ESG Roadmap, specifying targets and objectives to enhance ESG performance throughout the portfolio. These funds can also apply a Negative Screened Investment Approach, avoiding investment in properties whose tenants could potentially cause embarrassment to unitholders e.g. arms and tobacco.

Those few charities of sufficient overall size able to run their own property portfolios can achieve for themselves all the benefits outlined above. For the majority of schemes, however, it is only through a pooled approach that they will achieve the similar rewards of investing in property.











Inside the mind of an Investment Manager

London-based Will Walker-Arnott, a Trustee of two charities, explains the benefits of the personalised service provided by Charles Stanley across the country.

Charles Stanley prides itself on the service we provide our clients and we work hard on maintaining some of the highest client-satisfaction scores in the industry. Part of our success comes from the quality of our digital systems, as we invest in propriety technology through our Charles Stanley Direct division. Significantly, we also continue to place an emphasis on the human touch and believe in the reassurance and confidence this provides our client base. With this in mind, I thought it might be insightful to elaborate on some practical examples from my experience of how we look to differentiate ourselves through a superior client experience:

- 1. A broad skillset. We have a large number of charity clients at Charles Stanley and we appreciate that Trustees have to navigate a plethora of legal and moral responsibilities. In an increasingly competitive market place, we recognise that we need to provide clients with strong investment advice but also provide wider support to Trustees in helping them to comply with their regulatory obligations. I myself am a Trustee of two charities (Haileybury College and the Amber Trust) and I think that my charity clients benefit from regular discussions about my experiences on both boards. It helps me to provide a more holistic service that does not just centre on investment advice.
- 2. No relationship managers. An important distinction with many of our competitors is that clients have direct contact with the very person making the underlying investment decisions. We do not have a model whereby we keep investment analysts locked away in our basement and only allow smooth, well-polished "relationship managers" to liaise with clients. We think that our model provides a better experience for the client as they can speak directly to the individual running the portfolio

and challenge the investment process. From an investment manager's point of view, this means that we are directly accountable to the client for the underlying performance of the portfolio and this added scrutiny certainly helps focus the mind on achieving the best possible returns.





We prefer to pick up the phone or meet clients face-to-face rather than relying on electronic correspondence; creating rapport, trust and working in a collaborative manner leads to better investment outcomes.

- 3. An alignment of interests. I am a firm believer that there needs to be an alignment of interest between the client and the investment manager. There is no better way to understand and appreciate a client's mood at the various stages of the market cycle than to invest your own money alongside them. I run my own pension in the same manner as the client base which illustrates a conviction in the investment philosophy and allows me to anticipate any potential worries or concerns my clients may have.
- **4. Communication.** Timely and clear communication remains an important tool in servicing our client base. We

prefer to pick up the phone or meet clients face-to-face rather than relying on electronic correspondence; creating rapport, trust and working in a collaborative manner leads to better investment outcomes. My team has recently been through an intensive communication course, where we were assessed by an external provider to make sure that our correspondence with clients is as effective as possible. In addition, I am a regular guest on the Today Programme on BBC radio where I am often questioned on significant market events and clients find these regular updates useful.

As we travel through an increasingly digitalised Twenty-First Century, Charles Stanley continues to place an emphasis on providing a quality personal service to our client base. We have a firm conviction that the future of wealth management will be a marriage of an empathetic, personalised investment service with high quality digital systems. We will continue to work hard to maintain and improve our client satisfaction scores over the coming year.



By Will Walker-Arnott Investment Manager

Investing in your CEO

At ACEVO, we believe that investing in leaders creates a ripple effect.

When leaders are at their best, their vision and impact spreads to their teams and organisations and on to their beneficiaries and the wider world, to win support, change lives and make a difference. But to be at their best, CEOs need support and development. ACEVO's latest Pay and Equalities Survey, published in March 2019 revealed a number of concerning issues related to personal development and support programmes available to CEOs. ACEVO's annual survey is the only one that looks at CEO pay, benefits and equality in charities of all sizes. It reveals some positive developments as well as identifying areas that can be improved. This article looks at some of the key challenges identified in the report and provides advice on how to address them.

46% of CEOs have no formal salary review on a regular basis

Trustees and chairs should be providing their CEO with the same HR support (such as regular one to ones, annual appraisals, salary reviews and benchmarking) that the CEO provides to their staff. ACEVO's Good Pay guide sets out five principles of good pay-setting which Trustees can use to review their CEO's salary. These are transparency, proportionality, performance, recruitment and retention, and process. CEOs can use the data from ACEVO's annual pay survey to benchmark their own salary against peers.

40% of CEOs receive no support for professional or personal development

No one should ever stop learning, and promoting a culture which suggests that any staff member has reached their capacity for personal growth is harmful. Not all development needs to be costly: for example, CEOs can undertake mentoring programmes in which the only cost is time, but it is time well spent if it leads to a rise in the effectiveness of the charity. ACEVO also offers free online leadership development resources on its website (www.acevo.org. uk).

58% have no statement of delegated authority

Trustees are ultimately responsible for the decisions and actions of the charity, but the board cannot and should not do everything. A formal statement of delegated authority makes it clear what decisions the board will make and where it delegates authority to the executive team. This will include financial and related controls, business planning, HR and statutory duties as well as the reporting arrangements that enable the board to oversee these delegated matters.

A scheme of delegated authority should be worked out between the CEO and chair and then agreed by the board. This should be developed before problems arise as once a problem is recognised it is often too late to start the process of developing a new one. ACEVO has a number of resources you may find useful when considering your relationship with your chair such as our 'Leading the CEO and Chair to Effective Governance' publication.

35% of CEOs have no regular appraisal

Huge responsibility lies with the CEO so it is important for there to be system of appraisal and feedback which can help a chief executive develop. If CEOs do not have a good relationship with their chair they are often apprehensive about asking for an appraisal in order to not jeopardise their relationship further. However, there needs to be a culture of mutual feedback around leadership, performance and development. The Association of Chairs has a guide to appraising the chief executive which is free to download (https://www.associationofchairs.org.uk).

Just 26% of CEOs are satisfied with the ethnic diversity and 30% with the diversity of ability of their boards

There is less racial diversity at leadership level in the charity sector and, as a result, it does not currently reflect the communities



By Vicky Browning CEO ACEVO

it serves. In July 2018, ACEVO published a report in collaboration with the Institute of Fundraising on diversity in the charity sector. This established eight leadership principles CEOs can sign up to, to take a lead in improving diversity and inclusion.

Leaders are asked to:

- Acknowledge that there is a problem with racial diversity in the charity sector and commit to working to change that.
- 2. Recognise the important role leaders have in creating change by modelling positive behaviour and taking action.
- Learn about racial bias and how it impacts leadership decisions.
- 4. Commit to setting permanent and minimum targets for diversity that reflects the participants, donors, beneficiaries and the population of the area that their charity operates in.
- 5. Commit to action and invest resources, where necessary, in order to improve racial diversity in their charity.
- View staff as the sum of many parts rather than a single entity and recruit to build a diverse group of talented people collectively working towards a shared vision.
- 7. Recruit for potential, not perfection.
- Value lived experience, the ability to draw from one's lived experience and to bring insights to an organisation that can develop its work.

Summary

The findings from the Pay and Equalities Survey 2019 suggest that there is potential for better structures within charities which can create healthier relationships and cultures to make the biggest difference and, in turn, lead to greater impact. Good governance is not the sole responsibility of the board, CEOs must work in partnership with Trustees, but it is the responsibility of the board, and especially the chair, to work collectively with the CEO to ensure they have the support, structure and skills they need to do their best job possible.





By Danny Kalman CEO, ella Forums

For more information, please contact Phil Thompson at phil@ella-forums.org

Introducing ella Forums

ella Forums supports and inspires leaders in charities and social enterprises. It's chief executive Danny, Kalman, explains how this is done.

The intent of our ella Forums is to place emphasis on the best practices of good leadership in the charity sector. We recognise the crucial role that charities and social enterprises play in our society and the positive impact they have on the wider environment. We also recognise that leaders of charities and social enterprises can face far greater challenges than those typically seen within a commercial organisation. This can result from a number of factors:

- Governance structures which may slow decision making and effective leadership
- Restrictions imposed by legislation, regulation and stakeholders
- Restrictions on remuneration levels of executive leaders, impacting self-esteem and confidence
- Minimal effective professional development for leadership and management teams

 Absence of robust processes for the recruitment and training of new talent

At ella Forums we deliver a unique experiential leadership programme. By adopting strong collaborative partnerships, we work with others who have a passion for developing inspirational, motivational and happy working environments in the charity and not for profit sector. More specifically, we bring CEOs and emerging leaders together in small, diverse and inclusive workshop groups (typically 10 to 15 members) on a monthly basis, building trust and empathy across the group through regular meetings that foster a sharing and caring learning environment for members. The workshops typically feature:

- Experienced external speakers selected to challenge, support and promote improvement in business and life skills
- · Peer to peer active, issue-led learning led

by facilitators who bring to the group a wealth of knowledge, experience and a coaching mindset

- Learning with leaders so that we all become better leaders
- Continuous personal development and self-awareness to develop humility, wisdom and patience leading to improved happiness and success as a leader
- An impactful, measurable, valuable learning environment full of integrity
- A focus on improving individuals' selfesteem, together with the esteem of the charity sector
- A spirit of possibility, curiosity, creativity and courage

Case study: Rosalind Bluestone, Goods for Good

At the age of 59, (four years ago) I founded GOODS FOR GOOD (GLOBAL) when I was made redundant from the charity I worked for. I wasn't ready to retire, when I knew that I could help millions of refugees overseas by sending them trucks of warm blankets, shoes, clothing, nappies, medication, shampoo, soap and hospital beds. I couldn't sit back and watch the news of millions of refugees displaced and traumatised; having lost everything they'd ever owned. I knew how to get donations of vital, overstocked goods free of charge from UK companies, whilst helping them fulfil their zero-waste policies. I knew how to export and deliver a life-line of these donated goods from the UK as humanitarian aid to overseas charity partners. This is what I am good at. I had built up both UK industry and charity contacts in my previous role with a Londonbased international charity.

However, I lacked both confidence and higher-level management skills. So, though filled with drive and enthusiasm, it was daunting. Nine months on, I received an invitation to attend an ella meeting. I was told this was a forum of charity CEO's and social entrepreneurs. This was the beginning of another life-changing milestone for me. Working alone on the day-to-day running of a huge project alone isn't easy. It's a very lonely place, despite the backing of my Dutch charity colleagues.

I was invited by one of the ella organisers to attend a group meeting and, before I knew it, I found myself on an accelerated-learning scheme. Whilst benefitting from a one-to-one business mentor and monthly group meetings of experienced leaders and heads of charities, we were sharing challenges, experience and advice with one and other. It was the perfect personal development scheme and support mechanism I could have ever wished for.

I attend regularly; have a dedicated mentor, and cherish the time for monthly learning sessions, professional friendships and sharing of knowledge. This unique experience has enabled me to build my charity from a dream into a reality. It has helped me plan and cope with stress and life/work balance.

Despite the support of my own amazing Trustees, I doubt I would have had this kind of focused personalised support from elsewhere. It has meant that my charity has greatly benefitted from my personal growth and development. Over a short time, of under five years, working for most of the time alone, the charity has exported over £16m-worth of redundant essential overstocks from British industry. The

support and encouragement of my ella business mentor has helped me harness strategies to enable this growth and success.

Case study: Nick Aldridge, PayPal Giving Fund

The most effective charities tackle complex and intractable problems with thoughtfulness about their work, empathy for those they help, and determination to make a difference in spite of the obstacles they face. To thrive in an uncertain environment, where grant funding is hard to come by, and donors increasingly expect a real return on their investment, charities must constantly improve by reinventing themselves and their work. Their ability to do so depends on the quality of their leadership, in which too many charities have under-invested.

As the CEO of PayPal Giving Fund, which last year raised \$178m to grant to 73,000 charities, I focus much of my attention on developing leadership within and around our organisation, so that we have the capacity – and enthusiasm – to respond to new challenges and seize new opportunities. In the last few years I've benefited from the chance to meet with other leaders from across the sectors, and to learn from a range of experts on topics from governance and setting KPIs through to public speaking and giving feedback in one-to-ones.



All of this has been organized by ella Forums. It brings together charity leaders in small groups to discuss the issues they face, and learn from each other's expertise. It provides a safe space to be candid about your worries, and ambitious about your goals – both professional and personal.

So what have I learned?

 Develop your vision. Don't take your strategy, story and vision for granted.
 Make sure you can clearly articulate where you've come from, what you're

- doing, and where you're going. People will only be able to follow if they understand the destination, and how you'll get there.
- Other people have ideas too. Many leaders are too busy with their own thinking, and how they come across to others, to take in the ideas, encouragement and wisdom that can come from the people around them, let alone foster that contribution. The most valuable form of leadership enables others to come forward and lead.
- Be flexible and resilient: remember that any plan is a living document, and you'll need to adapt, improvise and learn as you go. Change and challenges bring opportunities to show your team's strengths and develop new ones. When things go wrong, fail quickly and learn you'll have a stronger foundation to help address the next challenge. And if those challenges were simple and easy, you wouldn't need leadership in the first place.
- Cultivate feedback: criticism from others is (at worst) an opportunity to better understand their perspective and build your own resilience. At best, it's a valuable insight into how you can develop. Seek out feedback and criticism wherever it's available, and push for suggestions on how you can improve.
- Words count: how you frame goals, problems, questions and feedback has a huge impact on people on the receiving end. Be thoughtful and considerate, and think hard about "what's in it for them?" – whether that's your customer, your employee, or your family at home.
- Focus on yourself: the more you invest in your own leadership, the more energy, enthusiasm, and judgment you bring to the role, and the more your team benefits. If you don't develop your own leadership, you're letting down your team and your organisation.

Participating in ella has given me the confidence and self-awareness to become a more thoughtful and empathetic leader within my organization, and to start to develop others through a culture that empowers and supports the whole team. If you'd like to help your charity succeed in ways you hadn't thought possible, you should do the same.

The charity reputation game

The scandals reported in the corporate and charity sectors, pose a dilemma for leaders – how do they manage their reputational risk?

In light of recent scandals, Trustees of charities are increasingly aware of the potential risk to their personal reputation. What could bring them peace of mind that their and the charity's reputation remain intact?



'It takes many good deeds to build a good reputation and only one bad one to lose it'

- Benjamin Franklin (one of the founding fathers of the United States)

For charities and the charity sector, the evidence is clear and well documented. Surveys confirm how reputational damage has led to a decline in public trust and confidence that impact negatively on fundraising efforts.

What does this mean for charity Trustees? Many bring both corporate and/or public sector experience to their Trustee roles. Mostly, they understand why reputation matters for both the charity and their own personal standing. The Nolan Principles support this, by setting out what is expected of those who serve in public life, including charities. Yet, when things go wrong at a charity, negative media reports can have a huge impact on the reputation of the charity, its Trustees and supporters.

The BIG ask

The Charity Commission is clear about Trustee responsibilities for the charity's reputation, stating Trustees:

"Have a duty to avoid exposing the charity's assets, beneficiaries or reputation to undue risk."

The Essential Trustee (CC3)

The Commission is also highly vocal about the need to bolster public trust and confidence in the sector. Intense scrutiny of events at Oxfam and Save the Children not only harmed those charities, but also cast a shadow over the whole sector. Unfair as

this may be, is there anything that charities can unite around to minimise harm to reputation? The answer is; *perhaps*.

The Charity Governance Code (the 'Code') has guidance for Trustees to safeguard and limit damage to the charity's reputation. The reputation game is just that; you don't own your reputation, others decide that for you. Unfortunate – yet true. Reputation is a condition of the conduct of your charity whilst remaining true to its aims and purposes. That needs to be demonstrated and is linked to your charity's governance. Good governance trumps poor governance every time. And one more thing, it is a process, not an event, and needs to be kept under continuous review.

The responsibility for governance rests with Trustees. The buck stops there and it is a collective responsibility. Demonstration of good governance is challenging and must ultimately reference best practice and that is documented in the Code. As the Code is voluntary, Trustees are faced with a dilemma; do we or don't we? However, that does not imply that good governance is voluntary, as that will not meet the standards expected of the charity:

'You and your co-Trustees must ensure that your charity complies with the law, and should be able to demonstrate that it is legally compliant, well run and effective in carrying out its purposes. If you can't demonstrate these things, you should be able to explain what steps you are taking to address any difficulties.'

Charity Commission CC3

The Code can be seen as the charity's diagnostic, to find out where the charity is doing well or what needs attention before things deteriorate and become problematic.

Apply or explain

The Charity Code adopts a different approach to the Corporate Governance



Code with its mandatory 'comply or explain' principle, preferring 'apply or explain'. 'Apply' was decided by the sector (represented by the Charity Governance Code Steering Group) yet in every sense is a clear statement that the Code, while voluntary, does require attention. If paying attention to the Code creates any anxiety, this can be overcome by conducting a governance review and bring peace of mind for the Trustee board.

Taking action

Is anxiety about a governance review a question of time and money? Or is it driven by events? What reasons might influence the need for a review or board evaluation?

- Difficulty recruiting Trustees with the required skills
- Appointment of a new Chair or CEO
- · Unexplained resignation of Trustees
- Misappropriation of funds
- Supporting a grant bid or to attract a corporate sponsor
- Due diligence for a merger or acquisition
- It's the right thing to do!



The question for Trustees is; where do you start? Analysing governance against the principles of the Code is the baseline to know what risks might prejudice trust and confidence in the charity, which of course, underpins the charity's reputation. Yet, the challenge for many charities is that they see a governance review, as complex and challenging, as governance skills, and time may be in short supply. Will the advancement of a digital agenda for the sector offer a solution?

This way, that way?

There are different approaches to conducting a governance review. Many rely on a paper and pen exercise, usually delegated to someone with knowledge of the Code. Or, the task may be outsourced to a third-party. These are lengthy processes taking months to complete. When you think some boards meet four times a year, it is cumbersome and a reason to look for a better way.

In recent times, and in particular with the charity sector's focus on the use of digital (promoted by the Charity Digital Code),

the application of digital to a governance review is something recent. It is also a compelling alternative to the cost of a time-consuming pen and paper exercise. With the direction of travel towards greater use of digital then who will start the ball rolling? That is signalled in the Charity Digital Code as its Leadership principle:

"Charity leaders must lead on digital as a way of helping their charities be relevant and sustainable. Digital isn't just about channels. It's a strategic and governance issue and charity leaders need to know how digital could help realise their vision for their charity. Equally, digital raises questions about traditional ways of leading, offering opportunities for leaders to build networks and collaborate further."

And who is responsible for governance? Surely, it's clear – this sits with the board of Trustees collectively.



By Frank Bennett Co-Founder Digi-Board Limited



The future

The Charity Commission's Five-Year Statement of Strategic Intent (2018-23) asserts 'Holding charities to account', tipping its hat to:

'providing effective regulation with a purpose: to ensure that those we regulate are able to inspire even greater levels of public trust and confidence'.

Holding charities to account must be equitable and the basis for that is by reference to the Code. The idea of a governance review for the sake of saying 'done' is not appealing. It certainly won't be rewarded with the same plaudits as a successful fundraising effort. However, if attention to governance bolsters the charity's reputation and influences the outcome of a fundraising effort, how is that recognised? For that matter, how does demonstrating good governance influence recruiting new Trustees, or retaining existing Trustees, attracting volunteers and donors/sponsors?

The connection of good governance and reputation is vague for some, but only too real for others who are careful about conducting due diligence before getting involved as Trustees or supporters of a charity.

To guard against either being left behind or caught out, it is wise to consider what priority is given to governance – your reputation is at stake.

ESG investing – a new requirement from 2020?

Clients are increasingly seeking out investments deemed 'ethical'. Here's how Charles Stanley plans to meet these investment goals.

Earlier this year, a Quality Circle was formed at Charles Stanley to consider the company's position on both ethical and ESG investing (ESG stands for Environmental, Social and Governance). The Quality Circle started by noting that 'ethical' and 'ESG' are very distinct subjects.

Traditionally, investment firms have offered varying versions of 'ethical', in the form of positive screening ('must do XYZ') or negative screening ('must not do XYZ', for example no tobacco). However, recent years have seen the rise of ESG as an investment discipline, this being defined less by what a company manufactures or provides (the 'what'), instead focusing more on whether it operates in a sustainable and ethical manner (the 'how'), the theory being that in the long-term this should reduce the investment risk and lead to improved performance. It necessarily requires a deeper dive into issuers' underlying business models, policies and practices.

There are no current regulatory requirements around ethical/ESG. However, the EU has recently agreed new ESG requirements that will slot into the Suitability requirements of MiFID. Having attended a number of industry roundtables with the FCA, it looks pretty clear that the UK is getting the new ESG requirements, regardless of Brexit. The rules, which we believe are two years away from impacting, would require Charles Stanley to collect ESG related KYC from all Discretionary, Advisory Managed and Advisory Dealing clients, and then – having first addressed their standard Suitability requirements – attempt to align client portfolios to these stated preferences. We responded to the EU consultation last year and received confirmation back that a client's ESG preferences should not trump normal investment processes – matching a portfolio to the client's risk profile and investment objectives - which continue to take priority. We will also ensure our client terms clarify that client ESG preferences are aspirational and we will attempt to meet them on a 'reasonable endeavours' basis. Achieving them cannot be guaranteed.

The implication of all of this is that Charles Stanley will require the tools and processes to allow investment managers to profile relevant clients – and their investments and portfolios – for ESG, much as we do currently for risk (using KYC and BITA). There are a number of ESG rating providers, such as Morningstar and Refinitiv (Thomson Reuters) that we are meeting with to better understand their offerings and how they could be integrated into front-office processes.



A few points of interest have emerged so far from these discussions:

First, when we tested a Motorway portfolio (the centralised research guidance that Charles Stanley provides for its investment managers), against the ESG ratings provided by Refinitiv, it produced a score of B-, which is perhaps not a bad score when we're not even trying. We hope that a lesson is that clients with a high ESG expectation do not necessarily need to be invested in anything different, such as a 'green' fund; their existing portfolios may already be fine, or else fine with relatively minor adjustments.

Secondly, PLC coverage by ratings providers is imperfect. Big caps and some mid-caps are covered, but many small caps and AIM stocks do not have coverage yet. Speaking to the ratings providers, they are looking to expand their coverage during 2019-20 but, if not, companies will



By Robert Howard Senior Compliance Manager Charles Stanley

need policies around the data gaps – using sector proxies, perhaps.

Thirdly, rating providers appear to operate 'best in class' methodologies. Rather than ranking all stocks on one spectrum, they rank each stock against its sector – for example, they rank mining companies against other mining companies. An Amining issuer is not necessarily 'better' than a B+ telecom issuer.

Fourth, the different ratings providers all have their own proprietary methodologies, such that the same issuer can score highly with one provider, but not so well with another. It is still a subjective topic, and this may lead to interesting discussions with clients.

Fifth, it is entirely possible that tobacco, alcohol and arms manufacturers can score highly on ESG, given that ratings focus more on how and less on what they manufacture. We will need to continue to offer 'negative screening' processes for clients requiring such restrictions. ESG doesn't replace negative screening, it complements it.

Sixth, there is a lot going on elsewhere in this space. The Investment Association has recently closed a consultation on the labelling of 'green' funds, due to concerns around what they call 'greenwash' – the incorrect labelling of funds as 'green' for marketing purposes. This should result in clearer labelling of funds.

Finally, with so much happening on ESG we are keen to ensure that whatever rules we get in the UK are not gold-plated in practice by regulators or consultants. We are chairing trade association TISA's working group on ESG, which is working towards producing industry guidance on 'good practice' for firms, with the aim of ensuring a common sense, proportionate, 'client outcomes' approach to the subject in our sector.

Who makes the important decisions for your charity's investments?



By John Redwood Chief Global Strategist, Charles Stanley

Trustees need to understand what the overall risks in the investments as a whole and to take proper advice.

Larger charities often have a number of investment managers and advisers. They might go to one for bond management, to another for equities and a third for property. They might buy into various actively-managed funds with fluctuating exposures to financial assets. They might buy some exchange-traded funds to have part of the portfolio in low-cost index trackers, so they have a core position in world shares or some other asset class. They may choose some good individual managers and some successful funds. They may think they can say they are properly advised because they are using these experts to run parts of the money.

The most important question for the manager of the fund as a whole is how much money should they put into shares or bonds or properties or some other type of asset? In some cases, the Trustees themselves make this decision by deciding at a particular meeting to buy Fund A or reduce the money with Manager B. These are usually the most important questions, the ones that will have the biggest impact on performance. Most good active managers of shares will still lose you money in an equity bear market. No amount of good bond management can make up for the fact that advanced country bonds typically yield very little and will go down in value if and when interest rates rise, short of selling out.

As a past Trustee of funds, I am very conscious that the Trustees as a whole have to take proper advice about the overall disposition of the assets as well as about the varied sections of the portfolio that are invested in different assets or with different managers. The Trustees are responsible, and need to understand what the overall risks in the investments as a whole and to take proper advice. Some think that if they just leave the overall asset



allocation as it is, they cannot be blamed because they have not made a decision. Unfortunately, there is no such easy way out. Keeping the allocation the same is a decision, and one that may prove to be wrong. Conditions do change. Valuations change substantially. The Trustees need to review things regularly or commit them to managers who have a reliable system of review and risk-based investing.

Those funds which invest an important part in index trackers need to remember that in a growing and increasingly competitive market new issue exchange-traded funds may come in with lower costs than the older versions, so switching may be good idea just to reduce the costs of investing. A portfolio of exchange-traded funds indexes your investments in each market or asset class, but there is no index solution to how much you should have in any given market or asset. That still requires decisions.

One of the problems of having several active managers is keeping track of how your overall portfolio is invested. The



The most important question for the manager of the fund as a whole is how much money should they put into shares or bonds or properties or some other type of asset?

different managers might all go in the same direction in asset classes, increasing the concentration of your fund and its risks. Alternatively, they might go in different directions, entailing costs for you but little overall change in the underlying mix of the fund. Either way it helps to have someone trying to keep some check of where the complete portfolio is, and leading a Trustee conversation on whether you have the right balance.

Events and Associations

There is currently a shortfall of approximately 60K Trustees in the charity sector. As legal and financial governance structures grow increasingly complicated, many Trustees are coming to regard the position as excessively onerous and time-consuming, and the numbers of people willing to take on this crucial role are dwindling. The vast majority of current Trustees are retired or semiretired, as they are the demographic with the requisite time to devote to the position. When this cohort of Trustees eventually steps back, the question of who from the younger generations will be prepared to take up the mantle looms ominously on the horizon.

Here at Charles Stanley, helping Trustees fulfil their obligations is an important part of our relationship with clients. We aim to provide comprehensive advice, cutting through confusing investment jargon to give clients a clear understanding of both the investment opportunities and the regulatory obligations involved in their role.

There are a number of channels we explore to achieve this - one of which is the collation and dissemination of informative articles, written by external contributors as well as our own charity specialists, through this very magazine; Charities InFocus. The magazine is shared with all of our charity clients, and covers a range of topics relevant to the sector. Another is our Trustee seminars, which are free to clients and to which we invite guest speakers including charity lawyers and accountants. These sessions provide insights into the latest investment trends, as well as important developments in the charitable and not-for-profit sector, such as upcoming legal and financial regulatory changes. They have proven very popular - with our last London event attracting 90 delegates. Feedback has been extremely positive, with many commenting on the level of engagement in the room, and the high numbers of questions asked by attendees. Owing to the success of our London seminars, but we are now in the process of rolling these seminars out across our regional network.

All our guest speakers are invited to write an article on their specialist topic for Charities InFocus following the event, so those clients who were not able to attend a seminar are still able to update themselves on the subject matter through this magazine. In the near future we plan to roll out roundtable sessions, where we will invite a smaller number of clients (approximately 8-15 people) to listen to speakers, pose questions and discuss issues in a more intimate setting.

As many of our clients are already aware, we are also involved with a large number

of charitable membership organisations and we regularly feature articles from these membership



organisations within Charities InFocus. Organisations we support include: the Association of Chief Executives of Voluntary Organisations, the Association of Charitable Organisations, the National Council for Voluntary Organisations, the Charity Finance Group and the Charity Investors Group, to name only a few. Our support goes beyond the funding provided through being a corporate partner; we also provide pro-bono office space to support their membership meetings and events. We are also involved with ella Forums, an organisation which supports leaders in charities and social enterprises, with the aim of bringing business discipline to the charity sector.

We are committed to supporting our clients and the wider charity sector, and our involvement with membership organisations and our Trustee seminars are a principle part of this.

For more information on our upcoming Trustee seminars, or our involvement with membership organisations, please contact your investment manager.

Awards Corner



City of London Wealth **Management Awards 2019**



Congratulations to Charles Stanley investment manager, Clive Worlock who won BITA Risk Wealth Manager of the Year at the 2019 City of London Wealth Management Awards on 14th March 2019 at the Guildhall.

This award recognises the exceptional level of service Clive has provided to his clients at Charles Stanley. Clive is described as a "reliable and pro-active wealth manager" whose performance is "consistently excellent" and "well ahead of the benchmarks". His approachable manner and commitment to keeping clients informed about the reasons behind investment decisions were also cited as reasons for this well-deserved honour.

Congratulations also go to investment manager, Katie Tasker, who was shortlisted for the BITA Risk Wealth Manager of the Year award (Female).

Both Katie and Clive are based in Charles Stanley's London office on Bishopsgate. They were supported at the Guildhall by a number their colleagues, including our recently appointed Group Head of Distribution, John Porteous.

Shortlisted:

Women in Investment Awards 2019

We would also like to recognise Tessa Inglis (Marketing), Donna Hewitson (HR) and Nicola West (Portfolio Manager) who have all been shortlisted for the 2019 Women in Investment Awards. Tessa and Donna are based in London and Nicola is from our Exeter office. The winners will be announced in the autumn.

Shortlisted: Magic Circle Awards 2019

We are happy to say that two members of our team from the London office were shortlisted for the prestigious Magic Circle Awards 2019.

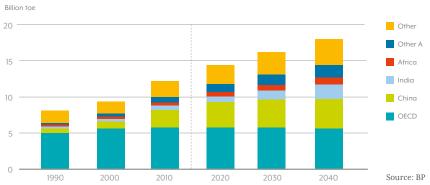
Investment manager, Tsitsi Mutiti was shortlisted for the Wealth Professional Award, and our Director of Development for private clients, Juliet Wedderburn was shortlisted in the Outstanding Individual of the Year category.

Energy demand, bad weather and the changing nature of the consumer

Developing markets to consume more energy

There is a transition underway in the global pattern of energy demand, with the developing world increasing its role as the main market for energy consumption. In 1990, the OECD accounted for almost two-thirds of demand, with the developing world just one-third. BP estimates this situation will be reversed by 2040, with the non-OECD countries accounting for more than two-thirds of consumption. Much of the increase is concentrated in developing Asia, where rising prosperity and improving living standards support will increase energy consumption per head.

Primary Energy Consumption by Region

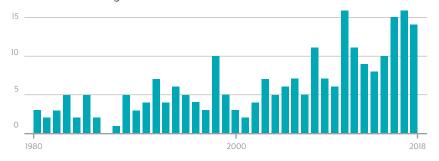


Weather disasters on the rise

Last year, Britain's insurers were hit hard by weather losses. Events that cause losses in excess of \$1bn are on the rise, particularly in the US.

Billion-Dollar Weather Disasters on the Rise

U.S. events sustaining losses of at least \$1 billion



Source: NOAA National Centers for Environmental Information Note: Costs are adjusted for inflation.



What's in and out of the inflation basket?

Changes to the baskets of goods and services used to measure CPIH inflation are updated annually in the March reading. It is interesting to note changing consumer trends in the construction of these baskets. As well as removing "old fashioned" three piece non-leather suites and replacing them with non-leather settees, a number of other changes were made. These include the following:











Past performance is not a reliable guide to the future.

Calendar of Charity Events

Through our charities memberships, Charles Stanley will have a presence at a number of events throughout the year.

Contact Robert Winterton Business Development – Charities for further details on 020 7149 6265 or robert.winterton@charles-stanley.co.uk



	Wednesday 19th	Thursday 27th		Friday 28th
June	Charles Stanley are proud to host CFG Finance in Grantmaking Special Interest Group (FIGSIG)Charles Stanley London Office	Conference CFG Northern Conference Charles Stanley Manchester and Leeds will be in attendance	Charles Stanley are proud to host ACO Communications Masterclass Charles Stanley London Office	Conference ICAEW Charity Conference etc.venues - St Paul's, London ECIA 4HD
Vln[Wednesday 10th			
	Charles Stanley are proud to host Association of Chairs Charles Stanley Leicester Office			
September	Thursday 19th - Friday 20th	Thursday 26th		
	Conference Directory of Social Change Seyer Vincent Crowne Plaza, Nottinigham	Trustee Seminar Oxford Branch Autumn Trustee Seminar Charles Stanley Oxford office		
October	Monday 7th - Wednesday 9th	Thursday 10th	Thursday 31st	
	Conference Association of Provincial Bursars Conference High Leigh Conference Centre, Hoddesdon	Conference Charity Finance Summit 155 Bishopsgate	Trustee Seminar Trustee Autumn/Winter Seminar Charles Stanley London Office	
November	Monday 4th	Wednesday 13th	Thursday 21st	Wednesday 27th
	Conference NCVO/BWB Trustee Conference The Brewery, London	Charles Stanley are proud to host Charity Finance Group Hosting Governance Conference 2019 Charles Stanley London Office	Conference ACEVO Annual Conference Business Design Centre, London	Conference CFG South West & Wales Conference Charles Stanley Exeter, Cardiff, Plymouth and Bath will be in attendance
January	Wednesday 29th			
	Conference HMC & IDPE School Bursaries Conference BMA - London			CHARLES STANLEY.