

# Britain Yearly Meeting of the Religious Society of Friends (Quakers)

Registered Charity No. 1127633



## Investment policy

This Investment Policy Statement is approved by the trustees of Britain Yearly Meeting (the charity) in accordance with their powers under the governing document and trustees' duties under charity law. All trustees have had opportunities to review this policy, and the policy will be formally reviewed at least every three years, or sooner if the charity's circumstances change.

### Our aims and objectives

Britain Yearly Meeting (BYM) is a faith-based charity. It supports and sustains the Religious Society of Friends in England, Wales and Scotland. Our charitable objectives are<sup>1</sup>:

- sustaining our church and faith
- supporting meetings
- promoting Quakerism
- witness through action

### Investments in Context

BYM has an average annual income of £11-13m from donations, grants, legacies, dividends, property income and income from the Hospitality Company. Annual expenditure averages £15m. Of the income, around £500-600k is income from dividends and interest generated by the investment portfolio. This income is used to fund the meetings and operations which support our witness and faith throughout the UK.

Our investment portfolio is valued at around £27m. We also have investment properties valued at £20m which generated an income of around £1.1m per annum and a number of other properties which are essential to our day-to-day operations.

We are a UK based charity and our base currency is sterling.

### Return Target

We have a total return target of 6%, which we use to monitor our fund manager(s) and a secondary target of the Consumer Price Index + 4%, which we use to monitor whether our portfolio is producing a sustainable real return. We acknowledge that with recent volatility in inflation our actual performance might deviate from this target in the near term. The portfolio is managed on a total return basis with a total return target of 6%: annual income and, when necessary, short-term drawdown from capital will be used to meet the charity's expenditure commitments while preserving the long-term real value of the fund

### Risk Profile

Material risks to the portfolio include capital loss, inflation risk, market risk, interest rate risk, currency risk and reputational risk. The trustees have set the following tolerances: no more than 10% of the portfolio to be exposed to any single investment without prior trustee approval; cash reserves sufficient to meet at least 12 months of operating costs to mitigate forced selling; a rebalancing trigger of 5% deviation from strategic allocation.

In terms of risk profile, we can tolerate market volatility and significant short-term drawdowns in the value of our portfolio due to our higher-than-average risk tolerance and long-term perspective. We recognise that the value of our portfolio may fluctuate, and we can tolerate periodic falls where, in the judgment of trustees, the investments remain aligned with our charitable purposes, contribute positively to wider society, and continue to support the long-term financial sustainability of BYM. Therefore, we have a predominantly equity-based portfolio.

Although primarily invested in equities, we seek diversification in terms of manager, geography, sector, and companies. We are mindful of avoiding concentration risk whether this be in a company or sector.

We avoid speculative and opaque investments and other investments we do not understand.

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<sup>1</sup> From Quaker Faith & Practice 8.03:

There are four aspects to the charitable object of the centrally managed work of Britain Yearly Meeting:

1. organising and maintaining the whole of the Religious Society of Friends in Britain as responsive to the leadings of the Holy Spirit; this entails calling, briefing and running decision-making meetings with all the facilities necessary for them to work efficiently and effectively, and also conducting relations with other churches and faiths and ecumenical bodies;
2. supporting Friends in their local organisation by providing services and advice relevant to the current needs of the Quaker community: for example, such work may relate to children, elderly people, those getting married, those looking after meeting houses, and those raising funds;
3. raising awareness and developing understanding about the basic tenets of Quaker faith and practice, such as spirituality, peace and human rights, within and without the Religious Society of Friends in Britain;
4. putting Quaker thinking into practice in relation to the problems and needs of people at home and abroad: for example, through training, conferences, work with those in positions of power, and social and development projects.

Timeframe

In relation to our investment portfolio, BYM defines short term as less than 5 years, medium term as 5–10 years, and long term as over 10 years. In relation to cash, BYM defines short term as less than 3 months, medium term as 3–6 months, and long term as 6–12 months.

As a long-term investor our investments are weighted heavily towards real assets, usually equities. These are expected to grow over time ahead of the rate of inflation. We do not aim to make short-term speculative gains. As we are running a deficit budget until end-2028, we will have short term liquidity needs from the investment portfolio. We take a total return approach and therefore are likely to draw down on the capital value if we need to supplement the income received.

We take our responsibility as owner of the assets seriously and invest in companies that reflect our Quaker interests. Over the long-term responsible companies in sustainable and fair business activities are more likely to survive and prosper. As long-term shareholders, we share the rewards of the success of companies we are invested in.

Liquidity

We aim to maintain sufficient liquidity to meet commitments to partners, grantees, staff, and creditors. We hold sufficient cash on deposit for four to six months of future net operating costs. This reduces the likelihood of being forced to sell equities.

The dividend income, and where deemed appropriate the realised capital gains, from the financial investments will be used for BYM’s charitable purposes. The amount of cash on deposit may also be higher when required for additional operating costs or capital expenditure identified in the rolling five-year plan.

In line with our Quaker values, we seek to deposit cash balances with ethical banks or deposit fund providers with as high a credit rating as possible. We monitor financial strength if credit ratings are less than A. This is rated by Moody’s, Standard & Poor’s or Fitch. Cash balances on medium-term deposit are placed as far as is practicable with faith-based companies that ‘pool’ clients’ money and actively manage risk by spreading funds across 30–40 counterparties.

Asset allocation

Our strategic and tactical asset allocation is as follows:

	Strategic	Tactical
UK and Global Equities	75%	70-80%
Fixed Income	25%	20-30%
Cash	0%	0-5%

- Our tactical versus strategic asset allocation is reviewed every year by the Finance, IT & Property Committee and rebalanced if these guidelines are breached.
- Re-balancing will also occur on a pragmatic basis, such as when a manager is appointed, so that unnecessary trading costs are avoided.
- If we choose to invest in a multi-asset fund, we will seek a fund with an asset allocation that reflects our asset allocation but are mindful that maintaining the asset allocation will be at the discretion of the manager and so re-balancing would not take place.

Ethics

Investments, and our behaviour as an investor, need to strike the right balance between:

- investing in companies which align with Quaker concerns (e.g. sustainable energy, fair trade, social housing)
- encouraging businesses to be ethical, socially responsible and to protect the environment
- funding BYM work over the short and long-term
- whilst avoiding knowingly investing in enterprises whose activities conflict with our values

Our investments are one of the means we use to enable us to meet the commitments we have entered into by investing in a more sustainable future and therefore to carry out our charitable purposes. We are confident we can achieve all the objectives by appointing the right investment manager.

Through Quaker discernment, testing and monitoring we have decided that ethical considerations are at the heart of our approach; we do not allow financial returns to be the sole consideration when making investment decisions. We also want to be a great example of an ethical and responsible investor in the way we choose to invest, exclude, engage and innovate.

BYM will invest ethically; consistent with its Quaker witness and true to its Quaker testimonies.

The following five testimonies, our principles, are the product of Quaker spiritual leadings. They inform BYM’s investment policy.

1. Truth and integrity

BYM expects the enterprises in which it invests to maintain high public standards of honesty, transparency and fairness in all their dealings and to demonstrate levels of corporate governance that are among the best in their sector.

## 2. Justice, equality and community

Based on respect for each human being, BYM seeks to invest in enterprises which avoid the exploitation of employees, suppliers, customers or communities. Our aim is to avoid investing in any enterprises whose offerings are concerned with supplying goods and services which do harm, such as tobacco, gambling, pornography or alcohol.

## 3. Simplicity

BYM believes that a simple lifestyle, freely chosen, is a source of strength and that no person's place in the world should be defined by their material possessions. BYM therefore wishes to support enterprises that address authentic human needs.

## 4. Peace

Peace is a process that calls for practical work as well as for the expressed opposition to wars, armed hostilities or the use of violence to resolve conflict. Therefore, BYM will not invest in those enterprises which engage in the arms trade, the production of munitions or the promotion of violence. For example, companies that may profit from a country or area in conflict.

## 5. The Earth and the Environment

BYM believes that a proper concern for creation requires environmental stewardship on behalf of all life on Earth. BYM seeks to foster responsibility both to existing life on Earth and to future generations. Fossil fuel extraction is not compatible with our commitment to being a low-carbon, sustainable community.

Managing our investments is a complex task. To meet the needs of using proper expertise and managing risk, we will generally be investing in managed funds rather than making direct choices to invest in a specific company's equity. In our modern world of global partnerships, complex supply chains and diversified subsidiary companies, we know that some companies our managed funds are invested in may have some involvement in products and services that we do not support. The challenge we aim to address in this investment policy is to navigate that world in way that is open and honest, and aligned with our values.

We will not knowingly invest in companies which derive more than 5% of their annual revenue from the following:

- Pornography;
- Munitions and related products;
- Fossil fuel extraction;
- Tobacco;
- Alcohol;
- Gambling; or
- Companies that profit from conflicts and situations in breach of international law, including Palestine, Russian-occupied parts of Ukraine and similar situations in other parts of the world.

Where companies are involved in these activities we will engage with them, both directly and through our investment manager, to try and change practices. If our concerns continue, we will ask fund managers to consider selling shares.

We believe in working with others. There are times when those with stronger voices, and more resources than BYM's, will lead engagement. We believe group engagement offers added impact.

Our intention is to invest in pooled funds run by managers who prioritise environmental, social and governance issues, which focus on companies which are leaders in sustainability and setting standards in their industries. Examples of areas we are keen to support are renewable energy, education, clean water, healthcare, social housing and sustainable development. As such the funds are very unlikely to hold any companies from restricted industries in our list. When investing in pooled funds it is appreciated that BYM's strict ethical criteria may not be entirely matched at all times by those of the fund. We expect our managers to be; thought leaders on environmental, social and governance issues, looking for indicators of improving practices, alive to the challenges some of these complex ethical issues may present and engaging with the companies in which we are invested. We shall meet them at least twice a year and question them carefully to ensure they are following this policy.

Trustees are aware that individual Friends (Quakers) may hold views on financial or ethical aspects of investment which may not be congruent with actions taken by BYM's appointed discretionary investment managers. As noted in *Quaker faith & practice* (14.20) in relation to investment matters, trustees have obligations which may constrain them more, as trustees, than as individuals. Trustees, through Finance, IT & Property Committee, will be sensitive to dissenting opinions, but will put their collective responsibility before their own or others' personal preferences.

## Engagement

As shareholders we seek to influence a company's policies towards those that better reflect our value and ethics through:

- membership of the Church Investors Group (CIG) – a group of investors connected with Churches and other Christian charities in Britain and Ireland;
- regular reports from our investment managers on how they have exercised company voting rights; regular discussions with our investment managers about where and how they should engage; and
- writing directly to companies we hold equity in to express support of concerns being taken forward by Quaker Peace & Social Witness.

## Delegation and decision making

The trustees of BYM have delegated investment decisions to their Investment Committee. Investment management is delegated to authorised and regulated investment managers on a discretionary basis.

Where an investment manager has doubt concerning the acceptability of any potential investment from a risk or ethical

perspective, they are encouraged to raise this doubt with the Investment Committee through our Treasurer and Finance Director.

## **Reporting and Performance Measurement**

We meet with our investment manager(s) at least twice a year. We receive reports from them and expect reporting on their financial and non-financial performance, including engagement and voting. While non-financial considerations (aligned with our Quaker testimonies) are a core part of our investment approach, the trustees recognise that financial return remains essential to securing the charity's purpose. We therefore ensure that our approach to sustainability is evaluated for its impact on financial returns, and the portfolio is reviewed to assess both the impact of our ethical approach and financial performance.

We measure performance net of fees and ask managers to provide performance data that is annualised over 1, 3, 5 and 10 years, post fees and in sterling where fees are measured as a total expense ratio. We expect reporting from our fund managers against a composite benchmark of recognised market indices, for example the MSCI World index, which reflects the composition of the underlying assets in the portfolio. In addition, we expect thoughtful attribution analysis that demonstrates how a manager's decisions are impacting portfolio performance.

The Investment Committee will report to trustees on how well the portfolio is performing against the 6% total return target and secondary target of CPI +4% and where appropriate recommends a fund manager mandate is reviewed. Trustee training in investment matters will be arranged as necessary to ensure the board remains appropriately informed. The Trustees will ensure that the charity's annual report includes a description of how the investments have been managed and their performance in the year.

This Investment Policy Statement together with a full listing of our investments, as at 31 December each year, is [published on our website](#).

## **How to address concerns with BYM investment policy and holdings**

Britain Yearly Meeting's trustees are responsible for the centrally managed work, assets and property. Queries can be raised by emailing [clerkoftrustees@quaker.org.uk](mailto:clerkoftrustees@quaker.org.uk).

Yearly Meeting keeps under review and tests, as appropriate, the existing and new concerns referred to it by area meetings and others. It receives minutes from area meetings and, when thought appropriate, passes them to Britain Yearly Meeting's trustees and the central or other standing committees for attention.

## **Approval and review**

This investment policy was approved by BYM Trustees on 26 November 2025.

It will be reviewed formally every three years by the Investment Committee.