



CLEVELAND SCIENTIFIC INSTITUTION

CLEVELAND SCIENTIFIC INSTITUTION – INVESTMENT POLICY (Approved at Council Meeting on 1st July 2013.)

CONSTITUTIONAL POWERS

The Memorandum of Association (the Institution's governing document), clause 3, states that

“... ; and for the purpose of carrying out the Primary Object of the Institution shall have and may exercise (but only to the extent to which the same may lawfully be exercised by a company instituted for the purpose of science exclusively) all or any of the following powers :-

(g) To invest the monies of the Institution not immediately required for its purposes in or upon such investments, securities or property as may be thought fit , subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law and subject also as hereinafter provided.”

POLICY

It is prudent that the Institution should invest in a diverse range of investments in order to minimise risk. Accordingly it should not invest only in one class of asset and should hold several items within each class.

The policy of the Institution is to maintain the current level of its capital base and to provide a growing income stream to enable it to maintain at least its current level of grant giving and administration costs for the foreseeable future.

In order to help achieve this, the Institution shall, in addition to its existing investments, invest any cash surplus to requirements at the end of each financial year. The amount shall be decided at the Annual General Meeting.

The Institution shall not engage in short term trading as this carries an unacceptable risk.

To further reduce risk, the Institution shall invest only in

A U.K. Government Stock (Gilts);



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- B Collective investment vehicles, viz. Investment Trusts, Unit Trusts or OEICs (Open Ended Investment Companies).

In order to spread any potential risk, no one investment should exceed 10% of the total invested at the time of purchase. This restriction shall not be applied to the current investments in Government Stock until such time as they are divested.

The Institution, for the time being, shall not put its temporary surplus cash on overnight or term deposit but keep it in its current account until needed.

The institution considers that it is not necessary to appoint an external adviser given the restricted nature and type of the investments proposed, collective investment vehicles being run by persons with considerable financial expertise. Additionally all investments shall be discussed by a group of Council Members before being made.

IMPLEMENTATION OF POLICY

To further the Institution's policy,

- 1 An Investment Committee consisting of 9 members of Council plus the President (or a Vice President if the President is already a member of the Committee) shall be formed to carry out the Investment Policy on behalf of the Institution.
- 1a A Quorum of the Committee shall be 5 once all posts are filled. Until then it shall be 4.
- 2 A list of approved investments shall be drawn up by the Committee. This can be added to or subtracted from as circumstances demand. In any event the list shall be reviewed at each regular meeting of the Committee.
- 3 A Risk Analysis of each investment proposed for approval shall be carried out by the Committee before adding to or subtracting from the list. This will include Government Stock.
- 4 Before each investment takes place, a further risk analysis shall be performed by the committee, or one or more of its members, to ensure there is no change in its status and this recorded.



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- 5 An appropriate investment method shall be drawn up by the Committee. This could be for example direct via the Stock Market, direct to the Investment/Unit Trust or OEIC, via a nominee company or via an online "Supermarket". This aspect shall be explored and a report with conclusions issued to the Council.
- 6 Two signatures shall be required to effect the purchase or sale of each Investment.
- 7
 - a The Committee shall meet at least bi-monthly to review the Investments. If, as a result of the review, any investment has not performed satisfactorily, a risk analysis as for purchasing shall be performed and the decision to keep or sell the investment shall be recorded with reasons given.
 - b If deemed necessary, changes to investments can be made by internet poll provided the preceding procedures are followed.
- 8 The committee shall make a report to the Council detailing its actions for each Council Meeting and any other meeting convened for the purpose. The Committee shall give its reasons for making its decision to invest and/or sell or to take no action to the Council. Council can request a report at any time.
- 9 The Committee shall also report on the status of the Institution's invested funds to each regular Council Meeting. The Council can request an investment statement at any time.
- 10 The Institution shall include an investment policy statement and status report within the Annual Report of the Council as well as the data required in the Annual Accounts.