



National Transport Trust

Preserving the past for the future

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Investment Policy

Introduction

This policy document sets out the Investment Policy of the National Transport Trust (the Trust) in accordance with good practice recommended by the Charity Commission. It is subject to regular review.

The Needs of the Trust and its Beneficiaries

The Trust is established for the purpose of promoting the permanent preservation for the benefit of the Nation of:

- (A) transport relics of historical interest showing the evolution and development of all forms and aspects of transport by road, rail, water and air, and of
- (B) books, records, drawings, documents, sound and visual recordings, cinematographic films and photographs relating to such forms and aspects of transport as aforesaid.

Central to those purposes are the Trust's 'Red Wheel Scheme' which promotes transport preservation by identifying important locations in the history of all forms of Britain's transport and (inter alia) the Trust's awards and grants which provide practical support to, and public recognition of and encouragement to Britain's transport preservationists.

In order to achieve its purposes, The Trust needs to have funding available and recognises that some of this will mean holding possibly substantial reserves that it would only seek to deploy on a basis consistent with its Reserves Policy.

Investment of Donations

As a charity, the Trust should not put its reserves at undue risk. Funds derived from donations, legacies and subscriptions, which are not needed for the immediate future, will be retained in a low risk bank account, generating interest relevant to a low risk return. The Funds can also be used for loans to Affiliate members, providing sufficient repayment protection is defined. As at the date of this policy, Trustees have not approved any reserves being allocated to managed funds or placed with professional investment advisors.

Donations to permanent reserves are held in accordance with the current Investment Policy set out below.

Powers of Investment

Under **Clause 13** of the Transport Trust's Deed of Trust the investment powers of the Trustees are defined as:

The Trustees may apply or invest trust moneys from time to time in their hands in the purchase of or at interest upon the security of any investments and property of whatsoever nature and wheresoever situate and whether involving liabilities or not as they shall in their absolute discretion think fit and to the intent that they shall have the same powers in all respects as if they were absolute owners beneficially entitled thereto.

As at the date of this Policy, Trustees have not approved any funds being applied in this way.

Powers of Delegation

Clause 12 of the Trust's Trust Deed states:

The Trustees may appoint such sub-committees of their number and such other persons not exceeding a minority of the quorum of the relevant sub committee as they shall think fit to assist them as aforesaid and may delegate to such sub-committees such of their powers and duties as they think fit; Provided always that such sub-committee shall report to the Trustees at the next meeting of the Trustees when the actions of such sub-committee shall be subject to confirmation by the Trustees.

The responsibility for the day-to-day oversight of the Trust's Investment Policy has been delegated to the Treasurer. The Treasurer must secure Trustees approval for any new accounts or account closures.

In the light of this Policy the responsibilities of Treasurer will include, inter alia:

- Appointment, monitoring and periodic review of the performance of cash deposits.
- Monitoring of management accounts, quarterly accounts and statutory accounts and vetting prior to approval of Council.
- Managing the use, through the Trust's bankers, of the BACs system for secure movement of funds.
- Paying a limited number of expenses where Paypal has to be used.
- Ensuring that there are always at least two signatories, one of whom is the Treasurer, recognised by the Trust's bankers to authorise any required financial transactions.
- Managing issued debit cards, although the Treasurer should not hold one.
- Ensuring visibility of bank transactions to the membership secretary and any Trustees who may request the information.
- Preparing financial content for the Annual Review.
- Should Trustees so direct, managing funds and, when appropriate, professional investment managers and advisors.
- Should Trustees so direct, setting the mandate for any investment managers that are appointed from time to time including investment criteria and The Trust's risk/return objectives.

Investment objective

The Trust has adopted the objective of seeking to sustain investment fund growth at a level as close to or greater than inflation (measured annually) as is possible consistent with its low risk strategy. In this context the Treasurer will propose to the Trustees annually, within the Budget, a level of expenditure from the reserve funds, to fund the non operational elements of the Trust – this includes the Red Wheel scheme, the total Restoration Awards spend, any capital investment and any major spend on enhancing the Web site. Reserves will be topped up from any legacies received, the annual raffle and will be increased or decreased as appropriate by any surplus/loss on the operation of the Trust. The Trust has determined that loans to Affiliate members are a good use of reserves consistent with the Trust's objectives, so long as a clear route to repayment is defined and some security exists. Any loans will be subject to agreement by Trustees. Grants maybe issued but only in exceptional circumstances and after the agreement of Trustees

Investment Policy

While the Trust builds its reserves the following broad policy guidelines have been established:

- Until reserve funds reach £500,000 the endowment will be placed as interest bearing deposits with reputable financial institutions. Deposits will be placed to achieve the highest available rate of return consistent with risk avoidance and deposits will be kept under regular review to ensure that interest rates obtained are competitive.
- When reserve funds exceed £500,000 a policy of transferring funds in excess of £500,000 to a managed charity fund to achieve some exposure to equity, gilt and capital bond markets will be considered but must be approved by Trustees. Managed funds are to be preferred due to their lower management charges and a full review of available investment media will be made in the light of market conditions prevailing at the time.
- Once endowed funds exceed £1.0m consideration will be given to appointing dedicated Investment Managers who will be chosen after an exhaustive search and who will be provided with a detailed investment mandate and performance benchmark targets, again following the approval of this by Trustees.
- Should reserves fall to below £100,000 the Treasurer will propose to Trustees that spend of a non operational nature be adjusted to maintain the Red Wheel program and the web site, with a significant reduction in the funds available for the Restoration Awards programme.

Utilisation of Endowment Funds – if Applicable

All investments will be invested on a grouped basis, and held proportionately on behalf of the relevant reserve funds administered by The Trust.

All investment returns, either capital or income will be apportioned to the relevant reserve fund.

Whenever there is an addition to, or a withdrawal from, funds invested a valuation of the investments will be made, so that investment return to that date may be apportioned among the Endowment Funds correctly, and a new ratio of ownership of the Investment portfolio established.

Accepted as a policy of the National Transport Trust at a Council meeting on 15th September 2020

Stuart Wilkinson
Chairman

15 September 2020

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