

Trustee Responsibility

Trustees of charities have a responsibility to direct the affairs of a charity so that it can continue to act to fulfil its stated charitable purposes. They must behave prudently and carefully in all their dealings regarding the charity.

In general terms, several 'common sense' tests may be applied. For example, the test that Trustees should take the same care when dealing with the charity's assets as they would do with their own. This does not mean that they cannot take risks with the charity's money, such as investing it, but it does mean that the assets must be used in a reasonable way.

Further, investment matters can require particular attention, especially when Trustees have limited investment expertise themselves. For this reason, the Charity Commission publishes guidance to Trustees specifically dealing with the handling of investments. This advice is extensive, but two key points can be distilled from it:

- When making investment decisions, Trustees should usually take professional advice.
- Trustees should ensure the advice they receive is impartial.¹

Investment Management

Making investment decisions for a large and potentially complex set of assets owned by a charity can be difficult, and the interests of the charity are best served if someone with appropriate knowledge and experience is consulted in the course of making those decisions. Usually, having such knowledge and expertise will entail being an investment professional. It is not required by law that Trustees seek the advice of a professional who is not a Trustee; a Trustee is allowed to provide the advice. However, such a Trustee should be aware that they are liable to the charity regarding their advice as they would be to any other client (receiving no additional protection from being a Trustee as well as an Adviser). Therefore, in most cases it will be appropriate and recommended for Trustees to take professional advice from a Non-Trustee.

Trustees are advised by the Charity Commission to ensure the advice is impartial because that is in the best interests of the charity. If advice is impartial then Trustees can be sure that the Adviser is looking after the interests of the charity. For truly impartial advice, the whole of the relevant market needs to be considered in order to select the best option from all those available.

Cantab Charity Service

Cantab Asset Management is well-placed to help Trustees fulfil these requirements. Cantab Asset Management is an investment advisory firm with more than thirty years experience. Our Directors are supported by research teams within the company considering the full range of investments, including collective investments and direct holdings. They are able to help Trustees create a diversified portfolio to serve the charity's needs and risk profile.

Cantab will consider the objectives of the charity and the attitude to risk of the Trustees before making recommendations regarding investments. Income and growth requirements are considered when developing an investment strategy. Cantab will assist Trustees in the development of a financial plan to meet objectives. In certain circumstances, Cantab will run multiple portfolios for charities to address different requirements.

¹ Charities and Investment Matters: A guide for trustees, p.19 (written by the Charity Commission)



Conflicts of Interest

Cantab has developed an Open-Ended Investment Company ('OEIC') to benefit clients with additional structural options for holding investments. Cantab does receive an investment management fee from the OEIC and so has a 'conflict of interest' which is declared and transparently addressed in the Client Agreement.

Please contact our Team on 020 3651 0570 (London) or 01223 52 2000 (Cambridge) to discuss in more detail or email advice@cantabam.com.

Risk Warnings This document has been prepared based on our understanding of current UK law and HM Revenue and Customs as at 1 January 2023, both of which may be subject to change in the future. The opinions expressed herein are those of Cantab Asset Management Ltd and should not be construed as investment advice.

Cantab Asset Management Ltd is authorised and regulated by the Financial Conduct Authority.

As with all equity-based and bond-based investments, the value and the income therefrom can fall as well as rise and you may not get back all the money that you invested. The value of overseas securities will be influenced by the exchange rate used to convert these to sterling. Investments in stocks and shares should therefore be viewed as a medium to long-term investment. Past performance is not a guide to the future.

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