

Investment Committee

Example terms of reference

This document was prepared by **Kate Rogers, Head of Policy, Cazenove Charities**, with reference to the recommendations of the Association of Chairs briefing [Making board committees work](#) and its companion [Making investment committees work](#) and through research into current practice.

This is for information purposes and is intended to be a helpful prompt for investment committees rather than a template or advice.

1. Purpose and objectives

The investment committee's role is one of strategic direction and oversight of the organisation's investment assets.

The investment portfolio represents an important asset for the charity, with investment income representing a significant part of annual total income. The committee fulfils an essential role in the long term stewardship of these assets in order to best further the aims of the charity.

The committee is established to determine, implement and review an investment strategy to deliver the organisation's agreed investment objectives as follows:

- to at least maintain the real value of the investment portfolio over the long term
- to generate a consistent and sustainable return to fund annual expenditure
- to deliver the investment objectives within an acceptable level of risk

The committee is responsible for establishing a detailed investment policy, within the powers conferred under the charity's governing documents and relevant legislation and guidance. This will be established in the context of the charity's overall strategy to fulfil the charitable aims.

The investment policy will set out the investment objectives, risk tolerance, liquidity requirements, time horizon, responsible investment policy and operational arrangements for implementation, monitoring and reporting.

2. Roles and responsibility

2.1 Develop and maintain committee governance documents

- Draft, review, revise and recommend to the Trustees for their approval the following governance documents
 - a. The charity's written investment policy including its treasury and responsible investment policy.
 - b. the committee terms of reference

2.2 Assess investment strategy and risk

- review and agree the long term investment strategy to meet the investment objectives set out in the written investment policy.

2.3 Select investment advisor(s)

- recommend to the Trustees the appointment or termination of investment consultants where appropriate.
- recommend to the Trustees appointment or termination of investment manager(s)
- agree the terms of the appointment of investment consultants or managers; including level of portfolio management discretion, custody and dealing arrangements, and fees.
- set and review with the investment manager(s) appropriate investment mandates ensuring consistency with the written investment policy and long term investment strategy.

2.4 Monitor and evaluate investment performance, service and cost

- monitor the long term performance of the investment portfolio against the investment objective, ensuring compliance with the written investment policy.
- establish appropriate performance benchmarks for the investment managers and monitor and evaluate performance over relevant time horizons.
- periodically review the fees paid and appraise value for money.
- monitor the liquidity to ensure that the spending commitments can be met.

2.5 Authority

The Trustees' express approval shall be required for the following

- changes to the written investment policy, including the overall financial objective and responsible investment policy.
- Appointments to the committee
- Termination or appointment of investment consultants or managers
- Changes to these terms of reference

3. Membership

- The committee shall consist of no fewer than three Trustees, to include the Chair of Trustees, and two external members with relevant expertise. Committee members are appointed, and may be removed, by the Trustees at their discretion.
- Members are selected using a skills assessment to ensure specialist knowledge is used, alongside more generalist lay members. External members will be offered an induction and all committee members will be offered ongoing training and support to ensure skills and relevant knowledge are up to date.
- The committee shall comprise of no more than seven members.
- Member terms of office will be for three years, renewable twice.
- The quorum shall be two Trustee members and one external member.
- The Chair shall be elected from within the committee's members on an annual basis
- The Finance Director and the Chief Executive will attend the meeting.
- The Finance Director (or his/her designate) will act as Secretary to the committee.

4. Meetings

- The investment committee shall normally meet twice a year.
- Meetings may be convened at the request of any member of the Committee or by the Chief Executive or Finance Director.
- Notice of meetings shall be given to all committee members, and papers circulated in advance.
- Meetings may be held in person or by telephone.

5. Minutes and reporting

- The investment committee will table minutes of its proceedings and recommendations to the board of trustees on a routine basis and will make an annual report to the board of trustees.
- The investment committee relies on the reports provided by management and the investment consultant and managers in order to carry out its responsibilities and duties.

6 Evaluating performance

- The committee will evaluate its own performance, collectively and individually, on a regular basis.
- Key objectives for the committee will be agreed and if necessary the terms of reference will be updated, with approval from the Trustees.

Important information

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