



Stewardship

Active generosity

Investment policy

November 2023

Charity Registration Number: 234714

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1 Introduction

Stewardship is an incorporated charity, with a mission to transform generosity, by making giving easy, inspiring greater generosity and strengthening Christian causes. Stewardship does this by offering a giving account platform and donor-advised fund services to enable gifts from donors to be administered easily and tax effectively for onward grant making to charitable causes.

Stewardship receives over £100m of annual 'gifts in' as restricted funds which are designated for grant making as requested over time by the donors through their giving account and approved by Council in their discretion. The deferred timing of grants requested by our donors, especially from the DAF and Philanthropy Fund accounts have led to the growth of the balance sheet, with net assets exceeding £190m.

Stewardship's articles of association give the charity a broad power of investment, subject to compliance with the Trustee Act 2000.

The Council of Stewardship have delegated investment decisions to the Finance and Investment Committee (F&I).

2 Investment objectives

Stewardship's investments are made in accordance with our Risk Appetite Statement, to achieve competitive risk-adjusted financial returns and positive kingdom impact using a variety of investment strategies that lie across the spectrum of impact investing.

The balance sheet comprises both restricted and unrestricted funds.

Unrestricted funds are managed in accordance with the Reserves Policy to ensure reserves requirements are met. These reserves are held to provide financial security which may be required at short notice, and therefore will be retained in liquid assets and not usually considered for long term investment.

Liquidity management of cash reserves is governed by the Liquidity Policy. This includes cash flow management to ensure grants can be fulfilled on a timely basis and works alongside the investment policy to determine the funds available for investment.

Restricted funds are invested to achieve both financial and kingdom impact.

2.1. Kingdom impact objectives

‘Learn to do right; seek justice. Defend the oppressed. Take up the cause of the fatherless, plead the case of the widow.’ (Isaiah 1:17 NIV)

Stewardship’s vision is for the world to encounter Jesus through the generosity of His church. This includes embracing an investment policy that distinctly incorporates Christian values and being a witness to the gospel through our corporate identity.

The deployment of capital to invest in companies, charities and social enterprises to make a positive contribution towards our mission is achieved through maximising exposure to Tier 1 and Tier 2 investments through a Bull’s Eye approach.

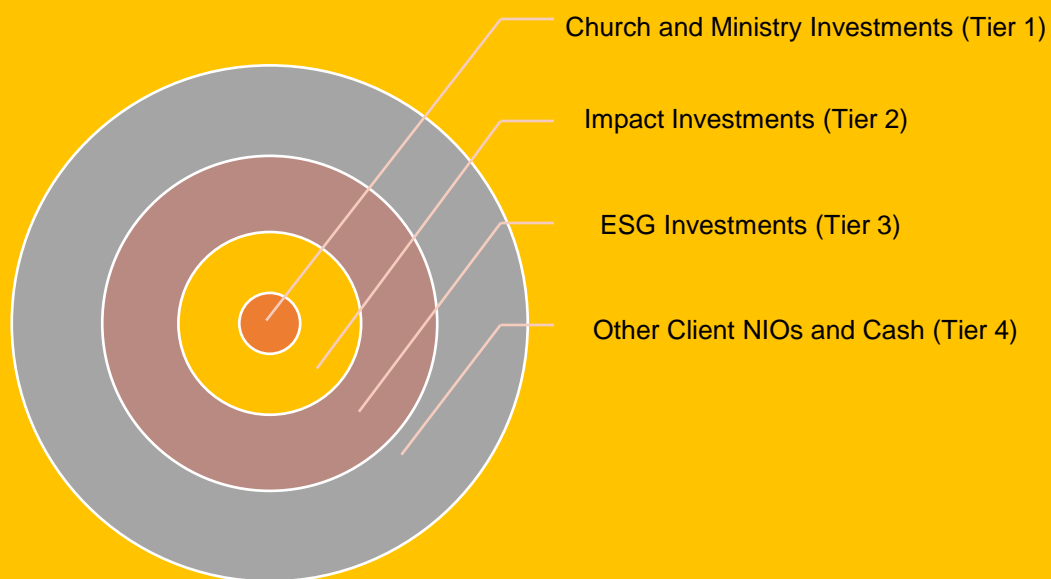
Tier 1 investments are aimed at Christian churches, charities and social enterprises that are devoted to sharing the gospel and building Christian ministry.

Tier 2 investments encompass broader impact investments that create transformational change for under-served communities and are aligned to the UN Sustainable Development Goals.

Tier 3 investments are in portfolios which are invested in line with ESG (Environmental, Social and Governance) principles.

Tier 4 investments include client nominated investment options (“NIO”) and cash which do not fit within Tiers 1 – 3.

Kingdom impact bull’s eye investment approach



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2.2. Financial objectives

Financial investments will principally be made to preserve capital, mitigate inflation risk, and generate capital growth on a total return basis over the long term. These will span across the Bull's Eye.

Social investments are made to directly further our charitable objectives and may generate a financial return which is lower than market returns. These will only be considered for investments within Tier 1 and Tier 2 of the Bull's Eye.

Financial and Social investments will be considered in accordance with the Risk Appetite Statement, in addition to, a consideration of suitability, diversification, expected social impact, expected financial return, time horizon, monitoring requirements and approved charitable investments status. Where necessary, Stewardship will take legal, financial, tax, investment, accounting and/or other professional advice in relation to investments.

3 Approved charitable investments

The restricted funds will predominantly be invested in diversified multi asset portfolios, with different sectors, geographies, credit quality, maturity, etc to mitigate risk. These portfolios are managed by external asset managers regulated by the FCA in accordance with agreed investment objectives and benchmarks.

Funds may also be invested in other investments which are 'approved charitable investments' or 'approved charitable loans' under the Corporation Tax Act 2010. These will be individually evaluated according to the financial return and risk considerations and may be invested according to client nominated investment options, or impact investments that increases weighting of the portfolio towards Tier 1 and Tier 2 of the Bull's Eye.

4 Ethical investment restrictions

Stewardship does not wish to invest in companies or organisations engaged in activities that are contrary with the Christian faith. For direct investments and discretionary investment mandates (excluding client nominated investment options), the following investment restrictions are maintained for companies involved in the following activities:

- Indiscriminate weaponry (no tolerance)
- Armaments (>10% revenues)
- Pornography (>5% revenues)
- Tobacco (>10% revenues)
- Gambling (>10% revenues)
- High interest rate lending (>10% revenues)
- Alcohol (>10% revenues)
- Tar sands, thermal coal (>10% revenues)

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Where asset managers are able to incorporate lower revenue thresholds for the restrictions, this will be permitted and encouraged.

Where investments are made through pooled funds, which are not compliant with the above exclusions, the sustainability and social impact of the fund will be evaluated to ascertain whether this merits review and approval by the F&I on an exception basis.

For client nominated investment options, these restrictions will not be binding. However, we will share our investment policy to encourage alignment of the ethical investment restrictions where appropriate. All investments decisions will remain at the discretion of the F&I (see section 5).

5 Client nominated investment options

Clients may nominate investment of the balance held in their giving account into a number of investment options subject to terms and conditions. These investments are made at Stewardship's discretion and are required to be aligned with Stewardship's investment objectives.

All financial gains and losses, including any interest or dividends (less any management fees and transaction costs) from the investments are allocated to the client's giving account from which grants are made. Stewardship deducts set-up and ongoing fees from the client's giving account to reflect its costs in making and holding these investments.

6 Currency

The base currency of the charity is in GBP. Investments should be predominantly denominated in GBP. Investments may be made in non-GBP assets, and hedging is permitted.

7 Reporting

Financial and Social investments which are approved by the Finance and Investment Committee (F&I) will be recorded in the F&I Minutes with Quarterly Performance Reports included in F&I Papers.

Monthly valuations of all investments will be monitored by the in-house Investment Manager or Chief Financial Officer on a monthly basis. Quarterly performance reports are provided for review to the F&I.

On an annual basis, the F&I will review and discuss the overall effectiveness of the existing investment portfolio in furthering Stewardship's charitable objects. In addition, F&I will also review the active engagement of external Asset Managers against relevant responsible investment reporting frameworks.