



Society for Reproduction and Fertility

Investment Policy Statement

1. Introduction

- 1.1 The Society for Reproduction and Fertility (hereafter SRF) was founded in an international organisation that was incorporated to support the science of academic reproductive biology for public benefit. It was established in 1950 as the Society for the Study of Fertility, with a change to the current SRF in 2001. The goals of the SRF are accomplished by four means: annual meetings, publication of two scientific journals, direct support of academic investigators and trainees in reproductive biology and public outreach.
- 1.2 There are three interests to be considered in the SRF investments: (1) protecting the value of the individual invested assets; (2) growing the assets to increase their value; and (3) maintaining access to the assets to meet short term needs.
- 1.3 Reserves are maintained to meet at least one year's running costs, including all overheads.
- 1.4 Short term liquidity should provide a working balance of £100,000 to provide for maintaining the activities of the SRF and providing for funding of special initiatives.
- 1.5 Investment management will be delegated to an authorised professional investment manager, chosen by the Governing Council of the SRF and authorised and regulated by the Financial Conduct Authority.

2. Time Horizon

- 2.1 The Charity has divided its reserves into a long-term fund for the duration of the existence of the SRF. The purpose of the long-term reserve is to defend the Society against significant changes costs for the annual function of the SRF and in the case there is a significant reduction in the subscription income from publications and income from investments. In addition, there will be a short-term reserve to provide

immediate liquidity. Each of the funds has a different risk profile.

3. Investment Objectives and Risk Tolerance

- 3.1 The SRF seeks to produce the best financial return within an acceptable level of risk for each of its short-term reserve and its long-term funds.
- 3.2 The investment objective for the long-term fund is to maintain a value against CPI inflation plus 4.0% over the long term. Risk tolerance and liquidity profile should be consistent with the drawdown rate below.
- 3.3 Income should be reinvested in the SRF portfolio, except when needed for transfer to the short-short-term reserved.
- 3.4 The investment objective for the short-term reserve is to preserve the capital value with a minimum level of risk and maximum level of liquidity. This fund will have negligible risk tolerance.

4 Currency

- 4.1 The base currency of the investment portfolio is £ Sterling.

5 Ethical Investment Policy

- 5.1 It is The Trustees intention to have a positive impact on people and the planet by avoiding harm through Environmental Social and Governance (ESG) integration and exclusions, benefiting stakeholders through responsible business activities and contributing to solutions through influence and investing for impact.
- 5.2 The Trustees therefore ask the manager(s) to make the following commitments.
 - 5.2.1 integrate environmental, social and governance factors within the selection process, across all asset classes
 - 5.2.2 seek to influence companies, through engagement and voting, to encourage companies in which they invest to make progress towards the sustainable development goals
 - 5.2.3 support the Paris Agreement on Climate Change by reducing total portfolio emissions and advancing the energy transition through influence and investment
 - 5.2.4 measure and report the impact of the fund on people and the planet
 - 5.2.5 collaborate with other charity investors to identify areas of mutual concern
- 5.3 The Trustees will not permit investment greater than 10% in companies which fail to

meet the responsible investment criteria set by this policy. They currently exclude companies involved in the following activities:

- 5.3.1 Indiscriminate weaponry
 - 5.3.2 Armaments
 - 5.3.3 Pornography
 - 5.3.4 Tobacco
 - 5.3.5 Gambling)
 - 5.3.6 High risk rate lending
- 5.4 Other prohibited investments
- Initial public offerings
 - Restricted securities
 - Private placements
 - Derivatives
 - Options
 - Futures
 - Margined transactions

6 Asset classes

- 6.1 SRF assets can be invested widely and internationally, but always in line with Charity Commission guidance and best practice.
- 6.2 The base currency of the investment portfolio is Sterling. Hedging is permitted only for protection, not speculation.
- 6.3 Any investments into bond assets should be restricted to those classified as investment grade i.e. with a credit rating above BBB.
- 6.4 Cash balances should be deposited with institutions with a minimum rating of A- or invested in a diversified money market fund. Deposits should be spread by counterparty.
- 6.5 Investments into derivatives or derivative based investments are (permitted but only for efficient portfolio purposes and not for speculation/not permitted)
- 6.6 The long-term fund is expected to produce a sustainable flow of cash (after fees and inflation) in the range of 3% to 5% over the long term.
- 6.7 All short-term reserves should be available within three days. Long term funds should be realizable within one week.

- 6.8 Unless otherwise specified by specific Governing Council action, annual withdrawals are limited in amount to 4 % of the portfolio as reported in the previous end-of-year Account Statement or the 5-year average rate of return of the portfolio, whichever is less. This policy is intended to maintain sufficient capital to ensure the long-term health of the SRF.
- 6.9 No fund should have any provisions restricting withdrawals.

7 Asset Allocations and Limits

- 7.1 Short term funds are to be invested in safe and liquid investments.
- 7.2 Long term funds should be invested in a range of vehicles with sufficient diversity to mitigate risk. No more than 5% of the total portfolio is to be invested in a single equity.
- 7.3 Assets in the long term portion of the portfolio should be allocated as follows:
- 7.2.1 UK and international equities: Allowable minimum 30%, maximum 90%
- 7.2.2 Fixed income: Allowable minimum 10%, maximum 50%
- 7.2.3 Others including money market funds: Allowable minimum 5%, maximum 15%
- 7.2.4
- 7.4 The asset allocation should be rebalanced annually and approved by the Governing Council.

8 Management, Reporting and Monitoring

- 8.1 All individuals responsible for managing and investing SRF funds must do so in good faith and with the care that an ordinarily prudent individual would exercise under similar circumstances.
- 8.2 SRF will appoint professional investment management firm to manage the assets on a discretionary basis, in line with this investment policy. The SRF has nominated a list of authorised signatories, including the Chair of the Governing Council, the Treasurer, and the financial officer of the Society management company. The Treasurer's and one further signature are required to sign instructions to the investment manager.
- 8.3 Management fees, including fund fees for the total portfolio should not exceed 1%. The liquid reserve should be managed free of cost.
- 8.4 The manager will provide the following information on a quarterly basis: valuation of investments, performance analysis against the benchmarks agreed and commentary.
- 8.5 The Trustees have responsibility for varying strategy and monitoring the investment assets against target. Performance will be reviewed on a six-monthly basis, and the investment manager(s) will be required to present twice every year to the SRF Governing Council.

8.6 Performance of the long-term fund will be measured against CPI inflation +3.0% and volatility against a higher risk benchmark that is reflective of the mixture of assets held. Other benchmarks include a composite of different assets/market indices to measure value added from active management. Also, a peer group measure allows Governing Council to understand how well the portfolio has performed versus other charities. The short-term reserves will be monitored against prevailing cash rates.

9 Approval and Review

9.1 This Investment Policy Statement has been prepared to provide a framework for the management of its reserves. It will be reviewed annually to ensure continuing appropriateness, especially against the level of cash reserves.

Approved by the SRF Council 4 November 2021