



THE THOUGHTFUL INVESTOR

# Ethical investment for charities:

## How we navigate the challenges and opportunities of investing for charity trustees

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Presentation by Simon Holman and Bronwyn Riley  
Co-owners, Castlefield Investment Partners LLP

28<sup>th</sup> January 2025



# Presenting today



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# Why investing for charities is important

# Three Takeaways

Charities can.....



...invest thoughtfully  
for the long term



...earn competitive  
long-term financial returns by  
investing in an authentically values-led  
way

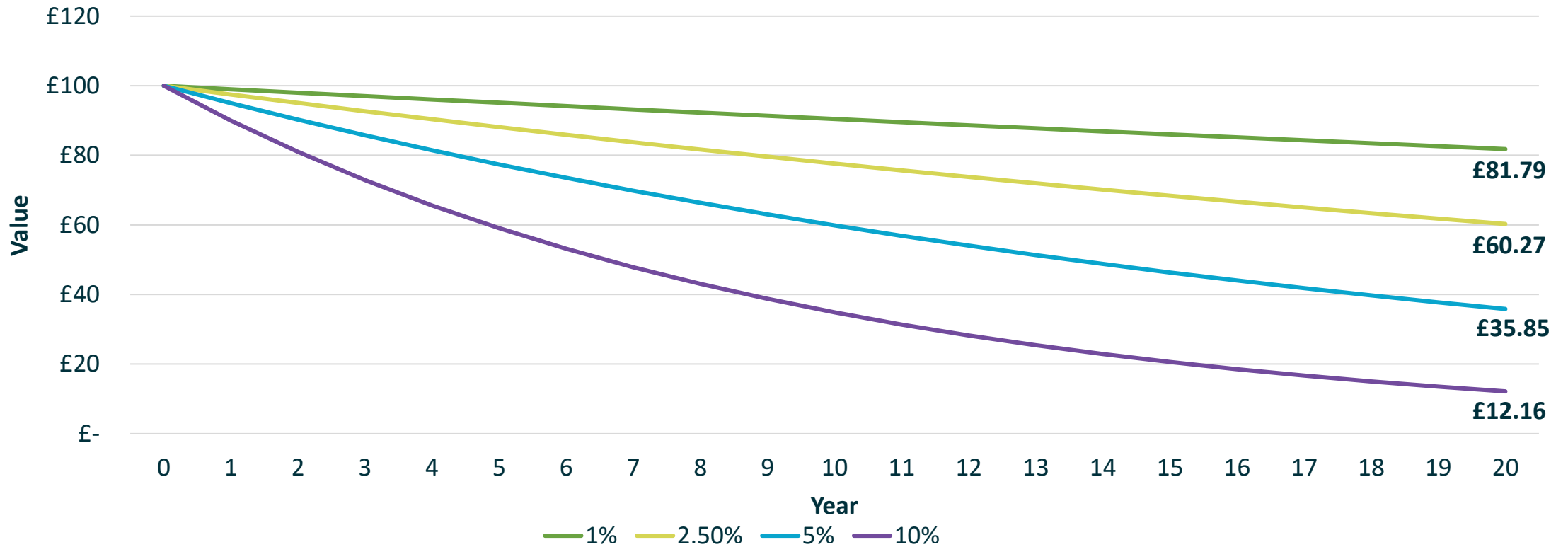


...use those returns to support their  
missions

# Inflation erosion

“We’re not sure what to do. Isn’t it safer just to keep it in the bank?”

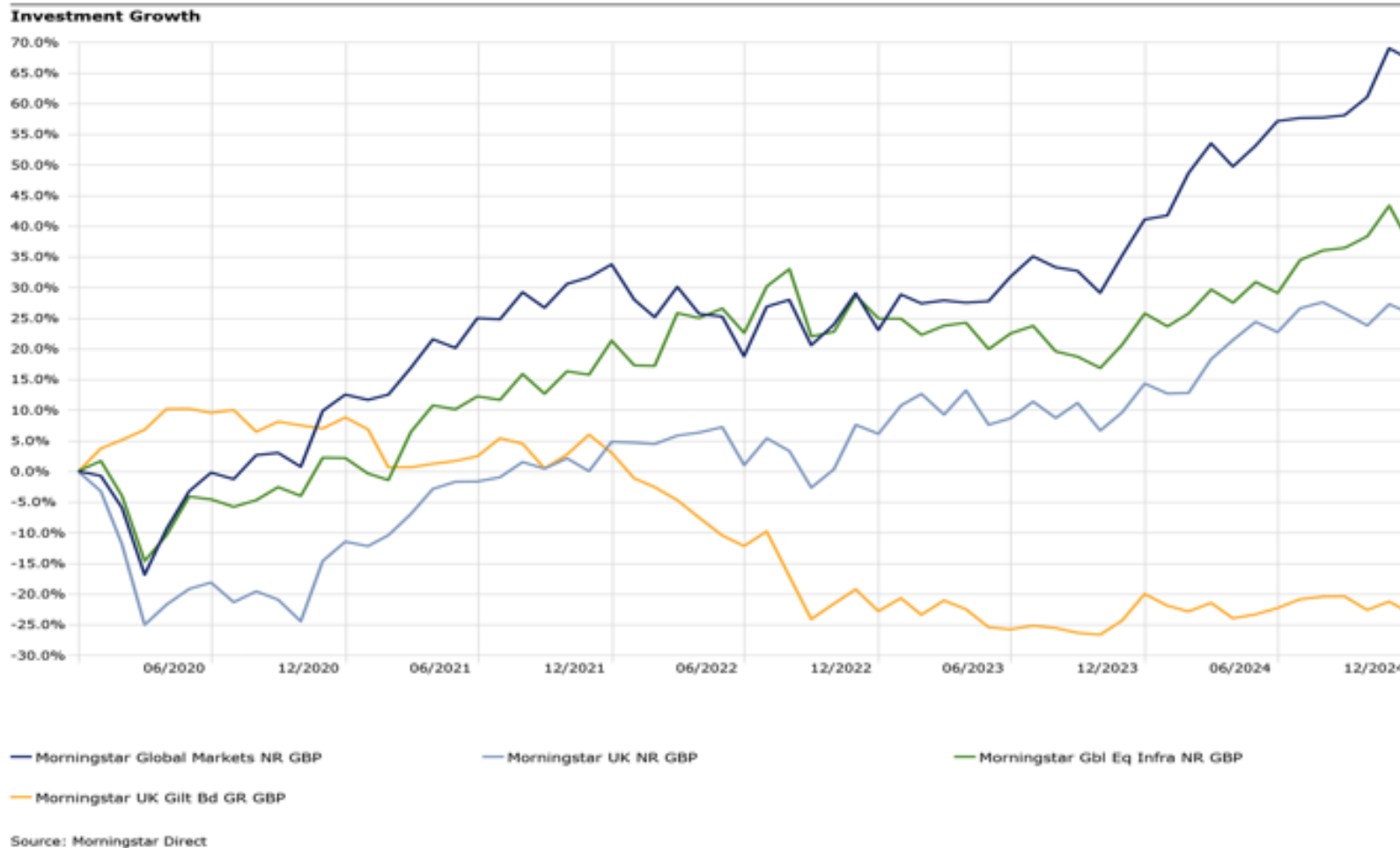
The impact of inflation on £100 of cash savings over 20 years:



Source: Castlefield. Calculated using annual compounding. For illustrative purposes only.

# Diversification: increase returns & reduce risk

“Too many eggs in one basket?”

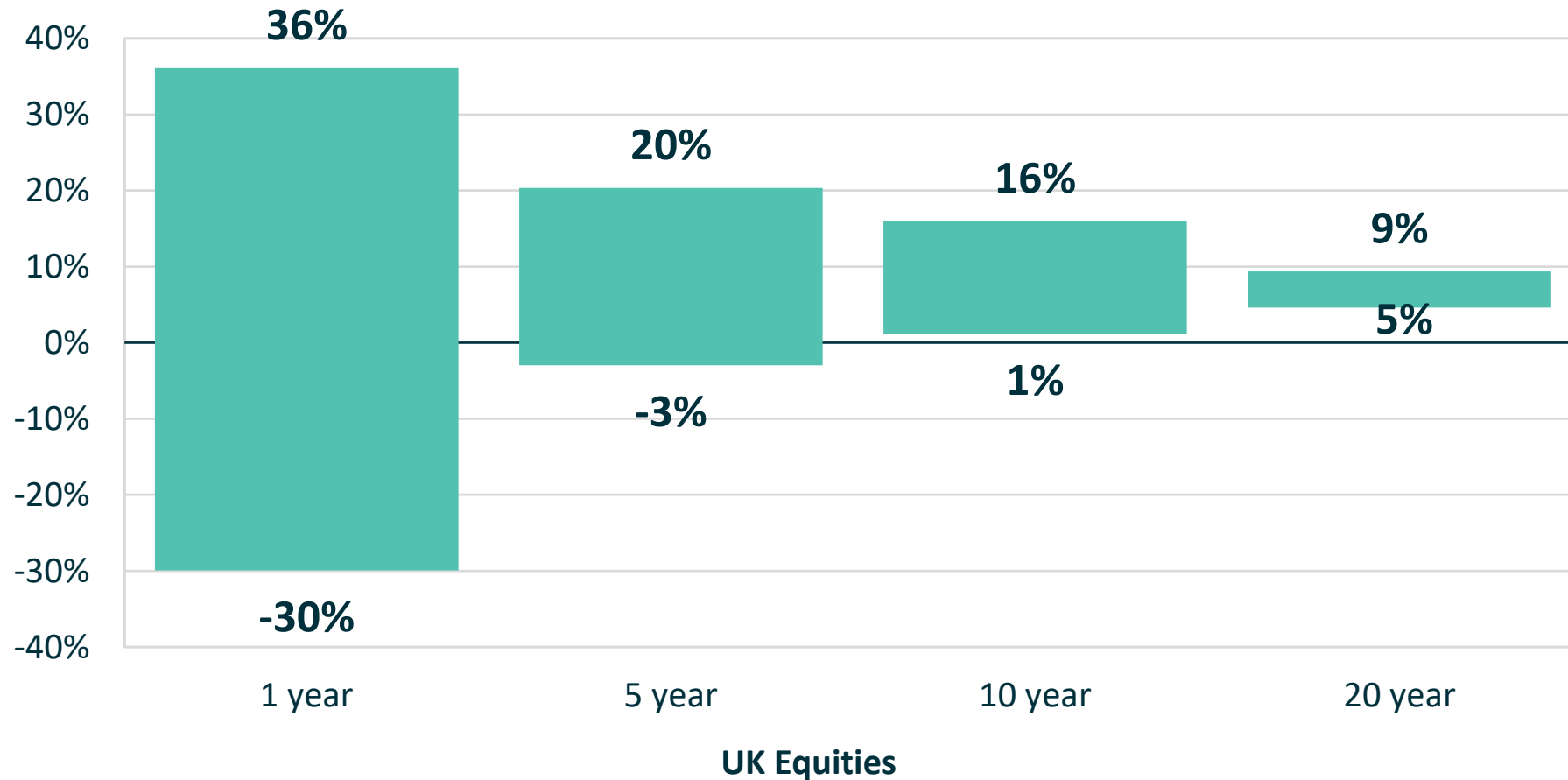


Past performance is not a reliable indicator of future returns. Your investment may go up or down. With investments your capital is at risk.

# Time is your friend – outcome more likely to be positive



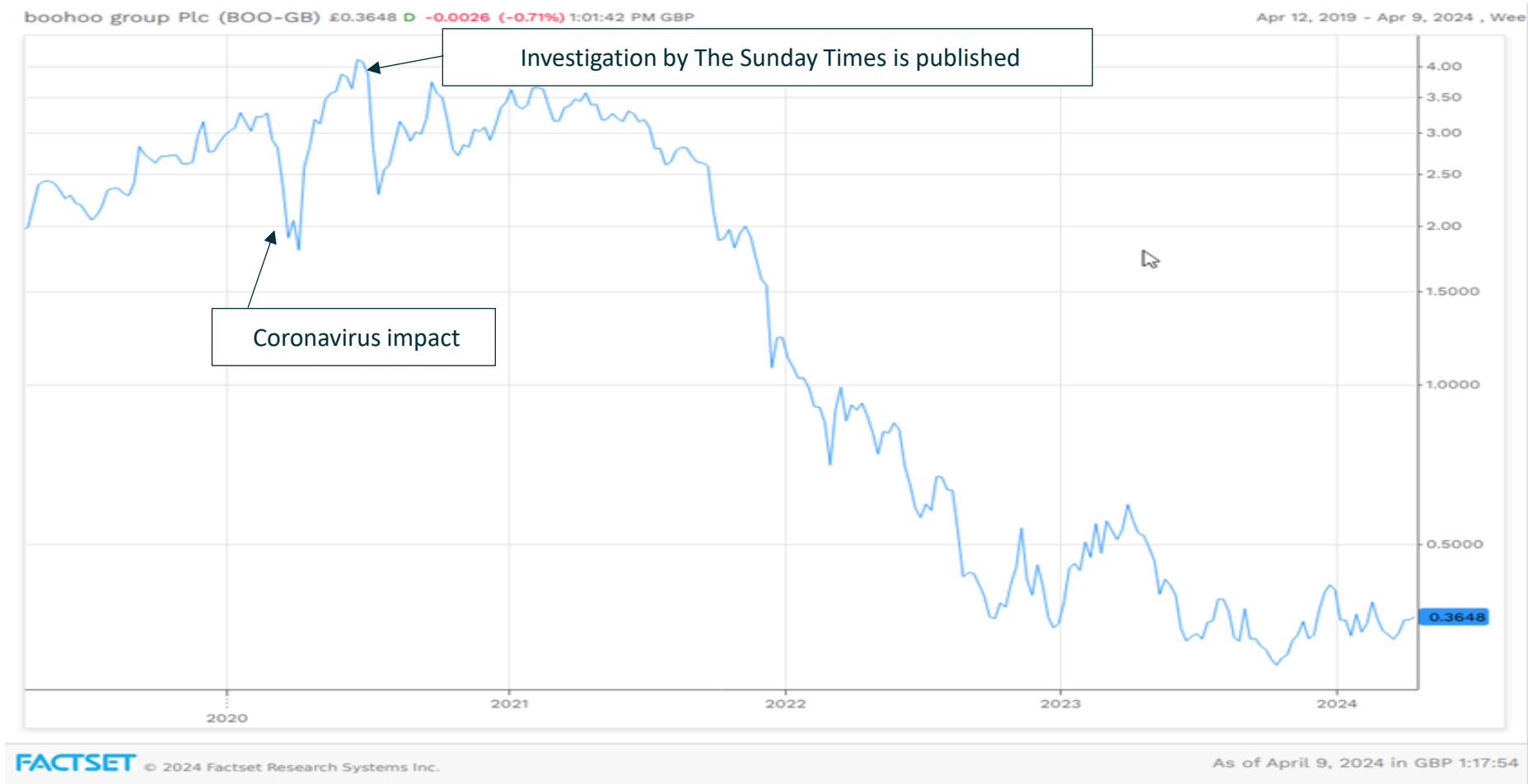
## The importance of thinking 'long term'



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# Investing ethically - integral to long term returns

“An ethical approach is ‘nice to have’, but second to financial returns, isn’t it?”



Source: Factset. Daily closing prices for the periods 12/04/2019 to 09/04/2024



# Investing ethically - integral to long term returns



*“Barclays fined \$15m for whistleblowing breach”*

Source: BBC news, 19 December 2018: <https://www.bbc.co.uk/news/business-46614109>

*“Boohoo investors seek damages following share price decline over ESG disclosures relating to factory workers”*

Source: Macfarlanes, 22 July 2024: <https://www.macfarlanes.com/what-we-think/102eli5/boohoo-investors-seek-damages-following-share-price-decline-over-esg-disclosures-relating-to-factory-workers-102je45/>

*“ESG controversies wipe \$500bn off value of US companies”*

Source: Financial Times, 14 December 2019: <https://www.ft.com/content/3f1d44d9-094f-4700-989f-616e27c89599>

*“Revealed: 50 million Facebook profiles harvested for Cambridge Analytica in major data breach”*

Source: The Guardian, 17 March 2018: <https://www.theguardian.com/news/2018/mar/17/cambridge-analytica-facebook-influence-us-election>

# To recap...



Cash is not King



Diversify



Time is your friend



Thoughtful investment is  
integral to durable returns



# Responsibilities & expectations of trustees

# Specific trustee duties when making financial investments:



(taken care of when you use an investment manager)

- ✓ considering whether the investments are suitable for your charity and whether they will **meet its investment objectives**. This means taking account of how suitable any investment is for your charity: both the investment type (for example, shares) and particular investments within that type (for example, shares in a specific business)
- ✓ considering the need to **diversify investments**, if appropriate to your charity, to spread the risk (for example, owning shares in a number of different companies or sectors)
- ✓ **taking advice from someone experienced in investment matters**, unless you have a good reason for not doing this. For example, if you have enough expertise in your trustee group or you have limited or low value investments
- ✓ **reviewing your charity's investments** at appropriate intervals

Source: Charity Commission investment guidance (CC14)

# Investing ground rules for charitable trustees

## Investing is an important part of the trustee role

1

Put aside any personal views and act as a 'prudent person of business'

2

You're not required to have special investment knowledge, but where it is required, seek this externally

3

As a general matter of law and subject to any specific provisions in your charitable trust deed, you can make any investment that you are able to personally, but...

4

...when exercising this power, you must consider the suitability of the investment you're proposing to make and the need for appropriate diversification

As a trustee acting on behalf of a charity, it's likely that what you require from an investment portfolio will not be the same as if you're looking to invest your own money.



# The Charity Commission's regulatory role

## The Charities Act 2022



If trustees can demonstrate that they have:

- considered the relevant issues
- **taken advice where appropriate**; and
- reached a decision that is within the range of decisions that a reasonable body of trustees could make in the circumstances

they are unlikely to be criticised for their decisions, or for adopting a particular policy.

Source: [Total return investment for permanently endowed charities - GOV.UK](https://www.gov.uk/government/consultations/total-return-investment-for-permanently-endowed-charities)  
([www.gov.uk](https://www.gov.uk))





# Aligning investments to a charity's mission

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## Screening out via the investment policy:



Manufacture and distribution of weapons



Nuclear military exposure



Nuclear power generation



Mis-marketing of infant milk formula



Extraction or processing of fossil fuels



Production and retailing of fur products



Animal testing for cosmetics



Manufacture and retail of alcohol



Gambling



Pornography



Tobacco



High-interest rate lending



Mining

Castlefield won't invest in any company deriving more than 10% of revenue, or 10% of operating profit from these types of companies.



# The Thoughtful Investor

## The investment case remains essential

**B**

### **Business & Financial:**

Assessment of investment's business and financial credentials.

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**E**

### **Environmental:**

Company performance compared to peers on carbon, waste and fresh water use. Revenues from products or services that align with environmental United Nations Sustainable Development Goals.

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**S**

### **Social:**

Company performance compared to peers on ratio of executive pay to average employee pay. Level of tax avoidance/controversies. Revenues from products or services that align with social United Nations Sustainable Development Goals.

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**T**

### **Transparency & Governance:**

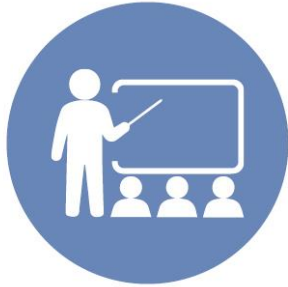
Assessment of board independence. Board diversity.  
The absence of bribery and corruption.

# Common areas charities may look to support

Cyber Security &  
Digital Connectivity



Education  
& Training



Employee Ownership  
& Responsible Business



Environmental  
Management



Financial Resilience  
& Inclusion



Health & Wellbeing



Meeting Societal  
Needs



Resource Efficiency



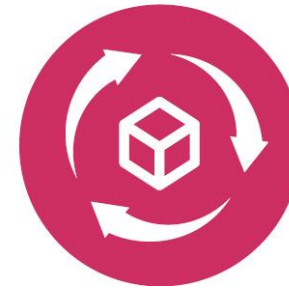
Safety & Regulatory  
Compliance



Infrastructure



Supply Chains




91% of respondents believe Environmental, Social & Governance (ESG) factors are important, of which 49% say they are 'very important'.

Source: 2024 Newton Charity Investment Survey, reported in Charity Finance, November 2024. [Newton Charity Investment Survey](#)




# About Castlefield

# Our purpose as a business

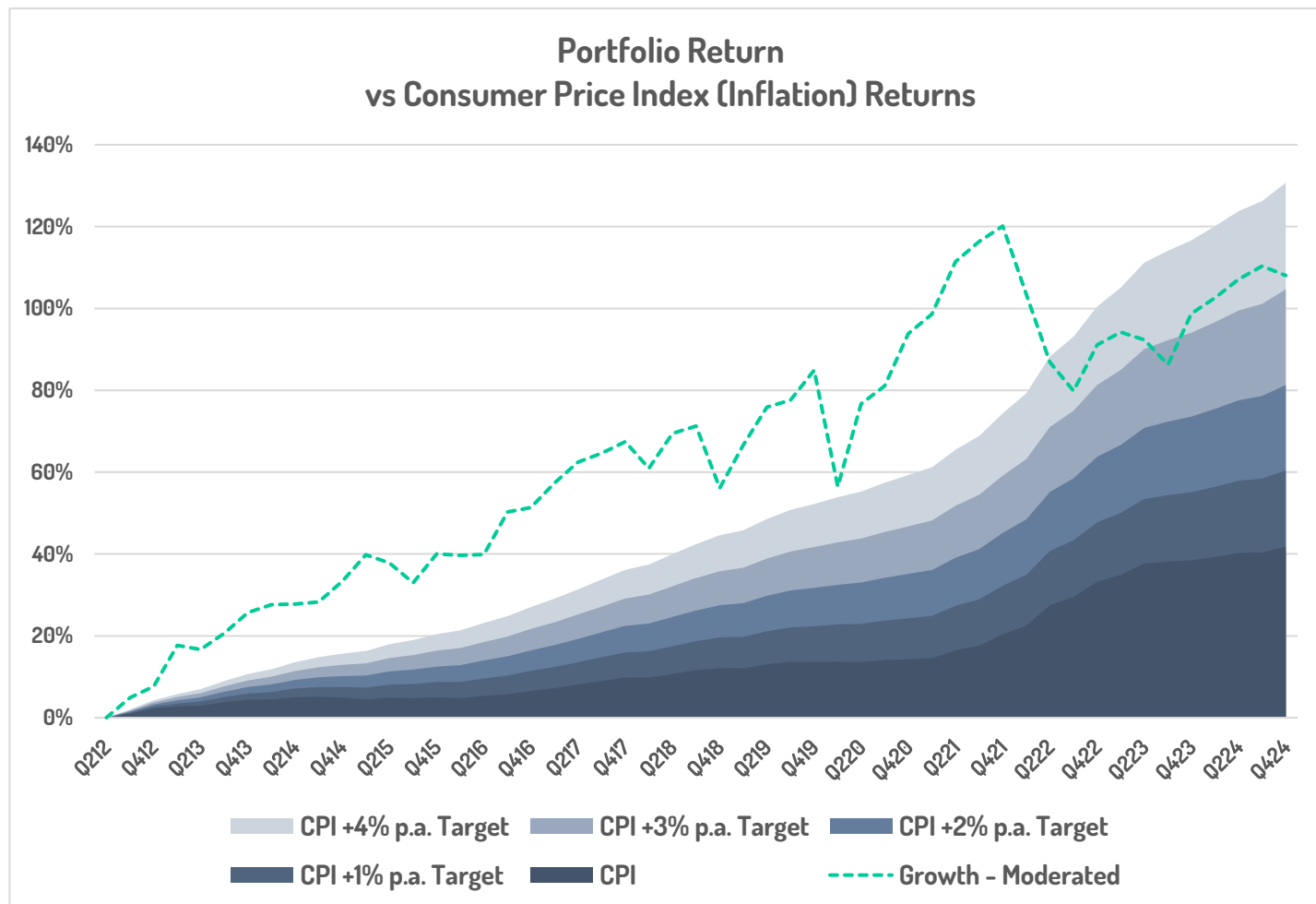


Values-based investing from the perspective of being a values-based organisation



# Performance update – long-term

## Strategy returns since inception to 31<sup>st</sup> December '24



- This shows a real-terms gauge against what matters – inflation
- Strategy return since inception in 2012: +108.0% (c.CPI +3.5% p.a.)
- CPI: +41.8%

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# Common themes across our charity client portfolios



But each tailored to the needs of individual charities

## Who do we work with

- Charities with up to £10m of investable assets and specialising in those with £250,000 - £3m

## Long term

- Typically targeting growth in capital and income over 10 year + time horizons
- Scope for investments to be calibrated to shorter time frames

## Diversified - one stop shop

- Globally listed shares, fixed interest securities and other complementary investments, such as infrastructure and specialist funds
- Directly invested in underlying shares wherever possible
- Targeting an efficient and effective balance between risk, potential return and total cost

## The best of Castlefield and the wider market from an experienced team

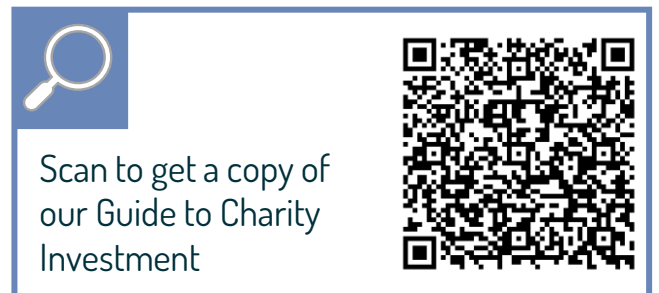
- A blend of strategies we manage directly ourselves, plus carefully selected funds managed by other highly regarded investment houses

## Values-led investing throughout

- The same authentic approach to our own portfolios carried through into our diligence and selection of third-party managers

## Co-owner service and support

- Tailored training and information-sharing
- Personal service and access to the people running your money
- Regular, transparent reporting...
- ...from co-owners invested in developing long term relationships





*Having professional advisers that have the utmost integrity is absolutely, vitally important to us. My trust in Castlefield has grown year on year.”*



Anthony O'Connor  
Director of Fundraising and Development  
Manchester Cathedral



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# Charity client management

## And how to contact us



### Your dedicated team

Simon Holman (Partner, Client Management) and Bronwyn Riley (Client Manager) are the Castlefield day-to-day relationship management team, liaising with their other colleagues making up the Castlefield investment management team. Short biographies can be seen to the right.

### The wider investment team

Fifteen people belong to the Castlefield investment management team, including our portfolio managers. Research responsibilities run from the most junior members of the team up to the most senior, with ongoing research origination seen as a key differentiator of our approach.



#### Simon Holman

**MA (Hons), MSc, CFA, Chartered MCSI, ASIP**

Partner

Simon's career began in Edinburgh where he spent nine years at Aegon Asset Management as an equity analyst, global sector analyst and fund manager. He subsequently joined Castlefield, where he combines an investment role (that includes being the co-manager of the Castlefield Sustainable Portfolio Growth Fund) alongside heading the Castlefield charity client relationship team.

[Simon.holman@castlefield.com](mailto:Simon.holman@castlefield.com)



#### Bronwyn Riley

**Chartered MSCI, ASIP**

Client Manager

Bronwyn's early career was as a private client fund manager, in Birmingham, London and Manchester, before specialising as a UK equity analyst in Liverpool. She then launched and operated her own hospitality business for 12 years. Bronwyn returned to the investment industry in 2023, joining Castlefield as a key member of the charity team, providing day-to-day support for trustees, and attending all charity client meetings.

[bronwyn.riley@castlefield.com](mailto:bronwyn.riley@castlefield.com)



# Appendix

# Don't just take our word for it:

## Professional Adviser Awards 2024



Castlefield won both the 'Best Adviser Firm for ESG' and 'Best Financial Advisers to Work For' categories.

## ESG Clarity Awards 2023



### Judge's comment for Castlefield:

"Longstanding track record and reputation in the UK as a specialist ESG financial planner and investment manager, while signs also of becoming more of a public thought leader within the UK industry"

## 2024 ARC 3D Award



The ARC 3D Award indicates Castlefield's engagement with ARC's Investment Manager Research Programme and fulfilment of the due diligence criteria. It is not a rating or endorsement of suitability for specific clients but a validation of our commitment to transparency.

# Collective Action & Policy

We don't just do this for a day job, we're committed and longstanding advocates and participants

Signatory of:



Castlefield is a member of the LIPH signatories group/Healthy Markets Coalition



# Important information



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