DIABETES CARE TRUST RCN 1139057

FINANCE COMMITTEE

INVESTMENT REVIEW MEETING on 29 May 2024

Present: Adrian Sanders, Vijay Jayagopal, Phil Norton (Trustees) and Graham Armstrong of Brewin Dolphin

Introduction – the meeting had been called to review our investments ahead of the charity AGM in a week's time. Graham had circulated a report for us to consider.

Graham was also using this as an opportunity to gather VID from Adrian and Vijay.

Graham asked what we wanted from the discussions and Phil suggested that we needed to hear about the performance of the portfolio against benchmarks and also any ethical and risk issues of note.

1. The portfolio is valued at £547k today which is up some £70k over the original investment values. Our yield is 1.9% so about £10k a year and all income is reinvested. Vijay confirmed that he does not foresee a need for us to draw down on any income generated and nor does he see a need in the near term for any capital drawdowns.
2. Graham reminded us that we have specifically restricted investment in alcohol and food stuffs, pharma, oil & gas and mining – these restrictions do feed thru into portfolio performance particularly at times when these sectors are performing strongly.
3. Generally inflation has reduced to the 3-3.5% range although costs for ordinary folk are 'up' – family finances should begin to improve. He feels inflation may remain 'bumpy' for some time. The Bank of England is bullish on interest rates but there will be no dramatic moves.
4. A hard recession has largely been avoided in the west save perhaps in Germany which has faced energy price problems after Russian gas reductions. Also the US has not recovered as quickly as it would have liked to, although growth in the major US stocks has been strong and resilient. It is thought a Trump presidency will favour US companies.
5. Equities have been doing well with energy preforming strongly but UK Gilts doing less well. Strong company results with no big swings are encouraging. Seven companies in the 500 index create maybe 20% of the index's value and lead the market.
6. AI will be important so semi-conductor business performances are strong.

7. We have adopted a diversified approach weighted to equities and particularly strong performing US equities where they are strong on corporate governance. Our bond holdings are in funds with strong ESG credentials and our direct equity holdings are ok although we do exclude some sectors.
8. There has been some general trading with sales and purchases driven by how BDs see the market. They have investment and risk/governance committees meeting monthly and they regularly assess ESG issues and react to the market. They engage directly with companies to make sure they understand their strategy and feedback with issues affecting investors. When inflation was at 10% it was pretty well impossible to hit our CPI + 2% target and many flew to cash. Now investors are returning to equities to beat inflation.
9. We are a smidge behind various indices largely because we restrict investment in oil & gas and mining which have performed very well.
10. Our risk score is about right for what we do and our target income and growth is about deliverable. We seek a real return ahead of inflation within a restricted investment envelope and have done ok in all of the circumstances.
11. Further details are within Graham's report attached to these minutes.

FinCom members had no particular points to make over and above those recorded here. Graham asked for a copy of our accounts once approved at the AGM.

The meeting closed after an hour (Vijay had to leave towards the end of our time).