

HEALTH PROFESSIONS COUNCIL (HPC)

INVESTMENT POLICY (Revised August 2004)

1 INTRODUCTION

- 1.1 HPC commenced operations on 1 April 2002 inheriting the net assets and reserves of the Council for Professions Supplementary to Medicine (CPSM).
- 1.2 The investment portfolio, currently managed by Carr Sheppards Crosthwaite (CSC), was valued at that time at £2,146,012 exclusive of cash balances held for investment. The 30 June 2004 valuation totalled £1,316,035. This reflected withdrawals of £800,000 to provide special project funding since 2002.
- 1.3 The purpose of the fund is to maintain surplus funds and reserves in a moderately liquid state for short- or medium-term requirements.

2 INVESTMENT POLICY

- 2.1 The inherited investment policy is to seek a balanced return from income and from capital growth and no change from this position is sought at this time.
- 2.2 The Council will shortly be developing a reserves policy. The fund will be a part of that. However it should be noted that it is intended that cash should be held outside of the fund to broadly match the deferred income at any time.
- 2.3 There is unlikely to be any increased capital available for investment for the time being.
- 2.4 A moderate risk policy should be maintained. The fund will hold a combination of fixed-interest investments, shares in leading companies and/or collectives (unit/investment trusts).

3 ETHICAL POLICY

- 3.1 The brokers have been requested not to invest in companies trading in tobacco. Specific stocks can be excluded from time to time when the companies' activities are considered to be contrary to the ethos of the HPC.

4 FEES

- 4.1 CSC is remunerated purely by commissions on transactions. This historically has been beneficial. If fees were charged they would be based on 0.6% of the valuation (including cash available for investment) up to £2,000,000 and 0.3% of the valuation thereafter. No change is suggested at this time but the position will be reviewed on an annual basis.

5 BENCHMARKING

- 5.1 Notwithstanding the performance indicators outlined in the formal Quarterly Valuations, HPC reserves the right to undertake the review of the performance of the portfolio using a benchmarking agency.

6 REPORTING

- 6.1 Formal valuations will be produced for the Finance & Resources Committee on a quarterly basis, although each month a valuation and transaction history will be produced for accounting purposes. The Fund Manager will attend at least once a year and review the portfolio with the Committee.

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5th August 2004