

National Rifle Association

Investment Policy

Adopted by Council on 5 December 2020

1 Introduction

- 1.1 The NRA is an incorporated charity established by Royal Charter.
- 1.2 The NRA has significant real estate assets that generates rental income. It also receives membership subscriptions and distributions from its wholly-owned subsidiary, The National Shooting Centre Limited. The NRA is not dependent on investment income for its operations.
- 1.3 The investment assets of the NRA consist of:
 - (a) a restricted fund known as the Overseas Team Fund ("**OTF**") managed by Philip J Milton & Co Plc;
 - (b) an endowment fund known as the Special Prizes Fund ("**SPF**") managed by Investec.
- 1.4 The NRA also maintains two bank accounts containing:
 - (c) a designated fund known as the Young Shooters Fund; and
 - (d) a custodian fund known as ICFRA, which NRA holds as custodian trustee.
- 1.5 The OTF may only be used to make grants to shooting teams travelling abroad to represent the NRA or Great Britain. Those grants must be made in a manner consistent with the charitable purposes of the NRA.
- 1.6 The SPF is used to pay prize money awarded at shooting competitions organised by the NRA. Approximately £8,000 is required each year to pay prize money.
- 1.7 The SPF is divided into Fund A and Fund B. The NRA is the ultimate beneficiary of Fund A. There are other entities named as the ultimate beneficiary of Fund B. This distinction is relevant in the winding-up of the NRA, as Fund A is an asset of the NRA, while Fund B is not and would be distributed to the designated beneficiaries.
- 1.8 The Young Shooters Fund is designated for the purposes of encouraging young persons to engage in competitive civilian marksmanship.
- 1.9 The Trustees of the NRA are governed by the Trustee Act 2000 which sets out the general power of investment. There is no limit on the investment power of the Trustees under the constitutional documents of the NRA. In practice, the Trustees take professional advice on the suitability of investments within their portfolio from their investment managers, Investec Wealth & Investment Limited and Philip J Milton & Company (each an "**Investment Manager**").
- 1.10 This investment policy is a requirement of the Charity Commission as set out in paragraph 6.6 of Charity Commission Guidance CC14 (*Charities and investment*

matters: a guide for trustees) and the Trustees have taken CC14 into account in preparing this investment policy.

2 Investment objectives

- 2.1 The NRA has instructed the Investment Managers to act on a discretionary basis with a medium risk profile. The targeted performance is a better return than would be obtained by investing in a FTE250 tracker fund.
- 2.2 The aim of the OTF is to generate revenue that can be used to make grants. The aim of the SPF is to generate revenue that can be used to pay prize money and for capital appreciation. As a result, the OTF is invested in a way that maximises income to make annual grants, while preserving the capital of the fund. The SPF is not required to generate significant income and so can be invested for a balanced return between income and capital.
- 2.3 The objectives are to be achieved by prudent investment in a broad range of quoted fixed interest securities and equities and collective vehicles such as unit trusts that are appropriately authorised.

3 Risk

- 3.1 The NRA is able to tolerate volatility of the capital value of those assets and they should be invested with a view to providing a balance between capital appreciation and income. The Trustees recognise that there is a balance needed between risk and return and that accepting a lower risk will result in a lower return. The Trustees have adopted a medium risk profile with a view to generating a return over the medium term.
- 3.2 Any cash balances should be deposited with banks regulated in the United Kingdom or invested in a diversified money market fund.
- 3.3 The investment assets should be diversified by asset class, manager and security and be invested in a way that mitigates the inflation risk over the long term.
- 3.4 The base currency of the NRA is sterling, but investments may be made in non-sterling assets. The NRA does not engage in any hedging activities in relation to its investment portfolio. No funds shall be invested direct in options or derivatives.
- 3.5 No initial investment should exceed 10% of the total value of the OTF or SPF respectively and the total sum of all equity holdings in excess of 5% must not exceed 40% of the total value of the OTF or SPF respectively.

4 Liquidity requirements

- 4.1 The NRA funds its charitable activities from rent, membership subscriptions and dividends from its subsidiary. The NRA does not rely on any of the investment funds to meet its spending requirements.
- 4.2 The purpose of the OTF is to support the funding requirements of shooting teams travelling abroad and so needs to be held in a manner that enables funds to be available to meet those requirements. The income from the Special Prizes Fund contributes towards funding prizes awarded at shooting competitions and the

investments do not need to be held in cash or near-cash investments where holding them in this form would detract from potential investment performance.

- 4.3 Dividends and income are to be paid to the NRA on a monthly or quarterly basis.

5 Management

- 5.1 The NRA has established an Investment Committee to monitor the investment of the assets and appointed the Investment Managers to advise the Trustees and act on their behalf on a discretionary basis in line with this policy.

- 5.2 The NRA has nominated a list of authorised signatories, two of whom are required to sign instructions to the investment managers. One of those authorised signatories is the Treasurer. Authorised signatories shall act only in accordance with instructions given by the Council of the NRA.

- 5.3 Investment Managers are required to produce or enable the NRA to produce a valuation and performance report on a monthly basis for the Investment Committee. The Investment Committee is responsible for agreeing strategy and monitoring the financial investment assets. The Committee meets semi-annually to review the portfolio including an analysis of financial return risk and asset allocation. Performance is monitored against investment objectives set out in this policy. The Investment Committee in turn reports to Council on a semi-annual basis.

- 5.4 Investments should be selected in a way that does not produce adverse tax implications for the NRA.

- 5.5 The Investment Committee will report to Council on a semi-annual basis on the types of investments, any environmental, social or governance concerns, and the extent of diversification for adoption by Council with such amendments as Council may consider appropriate. The purpose of this report is to enable Council to review the level of risk of the investments, taking into account the diversification, historic price volatility, the need for access to funds, environmental, social and governance considerations, the long-term returns, reputational risk and the regulatory environment applicable to the Investment Managers.

6 Ethical considerations

- 6.1 The NRA does not impose any specific policies relating to exclusion of assets on ethical, social or environmental grounds. The Investment Managers each offer investment policies that meet particular ethical social and environmental concerns but the NRA has not at this time elected to adopt those policies.

- 6.2 The NRA reserves the right to exclude from investment those companies that carry out activities that are contrary to its charitable purposes or if holding those investments would damage the reputation of the NRA.

- 6.3 The Trustees recognise that excluding investments on environmental social or governance grounds may reduce the overall level of return, but this must be balanced against reputational impact on the NRA.

7 Approval and review

- 7.1 This investment policy statement will be reviewed on an annual basis to ensure that it continues to be appropriate to the circumstances of the NRA.