

Scottish Episcopal Church

Unit Trust Pool

1 Background

The Unit Trust Pool ("UTP") was established by the Provincial Investment Committee to bring together the disparate investments of the various funds of the General Synod, Dioceses and individual congregations of the Church to enable them to be managed professionally. It has been operating for over forty years.

2 Statement of Investment Objectives

The investment objective of the UTP is to earn a return on the assets, over the long term, sufficient at least to maintain the real value of the distribution to the unit holders.

1. The portfolio is managed with a view to mitigating excessive volatility in the unit price.
2. Subject to the need to avoid long term erosion of capital, it is the intention to pursue a progressive distribution policy. Distributions, which may include an element of return of capital, will be made six monthly. (In February and August each year.)
3. The portfolio will be diversified and may include equities, equity related securities, property and fixed interest investments. Exposure to market sectors may be derived from collective investment schemes.
4. Derivatives may be used for the purposes of efficient portfolio management.
5. The majority of the UTP is invested in equities (both UK and overseas) and is therefore more likely to be appropriate for medium to long term investment.
6. Asset allocation is determined by the Provincial Investment Committee in discussion with the Fund Managers. The current (September 2018) benchmark allocation is:

Multi Asset Income	35%	pooled fund
Global Equity Income	30%	segregated fund
Long Term Global Growth	35%	pooled equity fund

3 Ethical investment policy

The Provincial Investment Committee recognises its responsibilities optimising investment returns for the SEC Unit Trust Pool whilst striving to meet reasonable ethical investment expectations.

The Provincial Investment Committee aims to invest in companies that will not only successfully develop their business financially in the interests of shareholders, but also

1. demonstrate responsible employment and good corporate governance practices;
2. are conscientious regarding environmental performance and human rights; and
3. act with sensitivity to the communities in which they operate.

The Provincial Investment Committee has also adopted strict “negative” criteria as a significant element of the Ethical Investment Policy. No direct investment will be made in companies whose main business is in any of the following *restricted categories*:

Armaments, Gambling, Tobacco, Pornography

It is recognised that many companies will be involved, to some extent, in businesses in these *restricted categories*. Investment in such companies is deemed inappropriate where in excess of 15% of a company’s turnover is derived from businesses in the *restricted categories*.

The Provincial Investment Committee will exercise its discretion regarding exclusion from direct investment any company where it has material concerns regarding the ethical acceptability of the company’s business model or operational activities.

In achieving these aims the Committee is dependent on its Fund Managers, and in particular the Managers’ active engagement with company management, both directly and via company AGMs, to influence the corporate governance and ethical practices in the companies in which the UTP invests.

(General Synod 2017 agreed a number of resolutions in respect of Climate Change Action and Fossil Fuel Investments. A further restricted category of investment has therefore been added to those detailed above: no direct investment will be made in companies deriving over 10% of their revenues from the extraction of thermal coal or tar sands. The Ethical Investment Policy will be reviewed in the light of the resolutions passed by General Synod. A copy of the report discussed by General Synod and the resolutions passed can be downloaded from the [SEC Website](#).)

4 Operation of the UTP

Applications to purchase and sell units are made to the General Synod Office. Copies of the UTP rules and relevant application forms can be downloaded from [SEC website](#) or obtained from the General Synod Office.

5 Performance

The unit values (at 31 December) and annual distribution rates for 2007-2017 were:

Year	Unit Value	Annual Distribution
	£	p
2007	11.97	54.5
2008	8.14	56.5
2009	9.43	48.0
2010	10.75	48.0
2011	9.94	49.0
2012	11.04	49.0
2013	12.33	50.0
2014	13.05	50.5
2015	13.67	50.5
2016	15.43	51.0
2017	17.99	52.5

Monthly unit prices can be found on [SEC website](#).

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(Original January 2012, updated August 2013, November 2013, November 2017, September 2018)

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