

THE DUCHY OF LANCASTER BENEVOLENT FUND

Registered Charity Number 1026752

**REPORT OF THE TRUSTEES
AND ACCOUNTS FOR THE YEAR
TO 31st MARCH 2023**

THE DUCHY OF LANCASTER BENEVOLENT FUND

FOR THE YEAR ENDED 31st MARCH 2023

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THE DUCHY OF LANCASTER BENEVOLENT FUND

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31st MARCH 2023

1. Objects of the Trust

The objects of the Trust are to support charitable causes in:

- the County Palatine of Lancaster
- the administrative counties of Lancashire, Greater Manchester and Merseyside
- elsewhere in the country where the Duchy of Lancaster has historical links (such as landed interests and church livings).

Applications for grants should be addressed to the Secretary.

Donations from the Duke of Lancaster have been given to the Trust with the request that they are, for the time being, invested to provide an income to support the objects of the Trust. The Trustees have accordingly placed the donations into a separate investment fund, the Expendable Endowment Fund. In the year a one off additional donation of £420,000 was made to the Benvolent Fund from the Duchy of Lancaster to be used to support food banks and/or provide food for those in need, which has been placed in a restricted fund.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning the future activities. In particular the Trustees consider how planned donations will contribute to the aims and objectives they have set. The Trustees consider that the current policy for making donations delivers public benefit. Details of the objectives which form the basis of this policy are given above.

2. Grant making policy

The Trust has established its grant making policy to achieve its objects for the public benefit. The Trust invites applications for grants that will meet the stated objectives of the Trust and these will be assessed on a merit basis as to value for money and impact in achieving the aims of the Trust.

3. Achievements and performance

The Trustees have reviewed and are content that the objectives of the charity as highlighted have been achieved during the course of the year. The Trustees are content that the income generated over the course of the year has been utilised in accordance with the objectives.

During the year the Trust has made or made future commitments to 461 grants totalling £958,535 (2022 : 272 grants totalling £594,007) as set out in Note 4 to the financial statements.

The Trust continues to fulfil its objects through its grant-making policy and it is the Trustees' intention to continue doing so.

The aim of the charity is to distribute at least £500,000 in grants funded from the investment portfolio. If the portfolio is to generate income of circa £500,000 this implies a minimum initial yield target for the investment portfolio of 2.81%, whilst maintaining the capital value of the fund in real terms, after inflation and distributions. This target is below the minimum long term average total return target for the investment portfolio of CPI inflation +3% p.a. The portfolio generated £418,089 of investment income in the year and a transfer of £200,000 from the expendable endowment fund was made in order to fund expenditure on charitable activities of £988,144. This led to a decrease in the Unrestricted General Fund of £23,227 and carried forward balance of £2,987.

A grant of £100,000 is received from the Duchy of Lancaster every year towards the Expendable Endowment Fund. In 2023 a further £420,000 was received for the support of foodbanks and/or provide food for those in need which was placed in a restricted fund. £417,500 was used in the year leaving a balance of £2,500 on the restricted fund.

4. Financial review

Investments have been acquired within the powers set out in the Trust Deed and in accordance with the Statement of Investment Principles set out on pages 20 and 21.

Over the year, the Trust's investment assets decreased in value by £371,362 (-2.04%), being the net losses on investments of £300,690 and investment management fees of £70,672 per note 8.

During the year the investment income generated was £418,089 (2022 : £410,882).

THE DUCHY OF LANCASTER BENEVOLENT FUND

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31st MARCH 2023

5. Risk management

The principal risks faced by the Trust lie in the performance of investments and operational risks from ineffective grant making and the capacity of the Trust to make effective grants. The Trustees consider variability of investment returns on the permanent endowment to constitute the charity's major financial risk. This is mitigated by retaining expert investment managers and regularly reviewing the risk profile of the portfolio. The operational risk from ineffective grant making is mitigated by the fact that the recipients of grants are known to and well understood by the Trustees who are able to assess the effectiveness that the grant making has. Smaller grants are assessed on merit on an individual basis and will only be granted if the Trustees understand how these funds will benefit the recipient.

6. Reserves

The Trustees' policy is to distribute investment income received and to maintain a reserve in the Unrestricted General Fund.

The Expendable Endowment fund had a balance of £17,978,126 at the year end. Although not forming part of the main reserves, the Trustees do have the power to transfer funds to the Unrestricted Fund to meet shortfalls in funding when required. During the year a transfer of £200,000 was made from the Expendable Endowment Fund to the General Fund leaving it with a year end balance of £2,987 free reserves.

A restricted fund was created in the year for the support of foodbanks and/or provide food for those in need after receipt of a donation of £420,000 from the Duchy of Lancaster for this purpose. The Lieutenants distributed £417,500 of the £420,000 in the year to 31 March 2023 leaving a surplus balance of £2,500 which was distributed post year end.

7. Plans for future periods

The plan for future periods is to satisfy the charity's objectives and to maintain an investment portfolio in accordance with the total return objective as agreed by the Trustees as set out in the Statement of Investment Principles.

8. Structure, governance, management and administrative details

Governing Instrument

The Duchy of Lancaster Benevolent Fund was constituted on 29th September 1993 under a Trust Deed. The registered charity number is 1026752.

Trustees and principal officers

Trustees are appointed by the Chancellor of the Duchy of Lancaster, these were as follows:

| <u>Trustees:</u> | <u>Appointed</u> | <u>Retired</u> |
|--|------------------|----------------|
| The Vice Chancellor of the County Palatine (Chairman) Hon. Mr. Justice Timothy Fancourt | | |
| The Attorney General of the Duchy of Lancaster Sonia Tolaney | | |
| The Receiver General of the Duchy of Lancaster Sir Michael Stevens KCVO | | |
| The Lord Lieutenant of Lancashire Lord Shuttleworth KG, KCVO | | 2 August 2023 |
| Amanda Parker JP DL | 2 August 2022 | |
| The Lord Lieutenant of Greater Manchester Sir Warren Smith KCVO | | 4 July 2022 |
| Diane Hawkins SPD | 4 July 2022 | |
| The Lord Lieutenant of Merseyside Mr Mark Blundell | | |

Secretary:

Mr H. Bruce-Watt

THE DUCHY OF LANCASTER BENEVOLENT FUND

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31st MARCH 2023

8. Structure, governance, management and administrative details (continued)

The Trustees meet twice a year and make all major (£5,000 and over) grant making and investment decisions. Decisions on making other grants are delegated to 4 local panels based in Lancashire, Greater Manchester, Merseyside and London, which each meet around four times a year. Trustees are provided with adequate support and training where training needs are identified to allow them to effectively conduct their role.

The day to day administration of the Trust is delegated to the staff of the Duchy of Lancaster.

Administration

Administrative support for the charity is provided by The Duchy of Lancaster from its offices at 1 Lancaster Place, Strand, London WC2E 7ED.

Advisors

| | |
|-----------------------|---|
| Bankers: | Coutts & Co. 440 Strand London WC2R OQS |
| Solicitors: | Farrer & Co. 66 Lincoln's Inn Fields London WC2A 3LH |
| Auditors: | Saffery LLP 71 Queen Victoria Street London EC4V 4BE |
| Investment manager: | Newton Investment Management Ltd 160 Queen Victoria Street London EC4V 4LA |
| Investment custodian: | The Bank of New York 1 Canada Square London E14 5AL |

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

THE DUCHY OF LANCASTER BENEVOLENT FUND

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31st MARCH 2023

8. Structure, governance, management and administrative details (continued)

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees have undertaken a review of major risks facing the charity and taken steps to mitigate them.

Approved by the Trustees on 2/11/2023 and signed on their behalf by



The Hon Mr Justice Timothy Fancourt
Chairman of the Trustees

THE DUCHY OF LANCASTER BENEVOLENT FUND
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of the Duchy of Lancaster Benevolent Fund for the year ended 31 March 2023 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or

THE DUCHY OF LANCASTER BENEVOLENT FUND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES continued

Matters on which we are required to report by exception (continued)

- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussions with trustees and updating our understanding of the sector in which the charity operates.

Laws and regulations of direct significance in the context of the charity include the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified :

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

THE DUCHY OF LANCASTER BENEVOLENT FUND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES continued

Audit response to risks identified (continued):

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Saffery LLP
Chartered Accountants
Statutory Auditors
71 Queen Victoria Street
London
EC4V 4BE

Date: 13 November 2023

Saffery LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE DUCHY OF LANCASTER BENEVOLENT FUND

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31st MARCH 2023**

| | Notes | Unrestricted General Fund £ | Restricted Fund £ | Expendable Endowment Fund £ | Total 2023 £ | Total 2022 restated £ |
|------------------------------------|-------|--------------------------------------|-------------------------|--------------------------------------|--------------------|--------------------------------|
| Income and endowments from: | | | | | | |
| Endowments / Donations | 2 | - | 420,000 | 100,000 | 520,000 | 100,000 |
| Investments | 3 | 418,089 | - | - | 418,089 | 410,882 |
| Total | | <u>418,089</u> | <u>420,000</u> | <u>100,000</u> | <u>938,089</u> | <u>510,882</u> |
| Expenditure on: | | | | | | |
| Raising Funds | 8 | 70,672 | - | - | 70,672 | 59,960 |
| Charitable activities | 4 | 570,644 | 417,500 | - | 988,144 | 620,122 |
| Total | | <u>641,316</u> | <u>417,500</u> | <u>-</u> | <u>1,058,816</u> | <u>680,082</u> |
| Net gains/(losses) on investments | 8 | - | - | (300,690) | (300,690) | 1,750,302 |
| Net income/(expenditure) | | <u>(223,227)</u> | <u>2,500</u> | <u>(200,690)</u> | <u>(421,417)</u> | <u>1,581,102</u> |
| Transfer between funds | | <u>200,000</u> | <u>-</u> | <u>(200,000)</u> | <u>-</u> | <u>-</u> |
| Net movement in funds | | <u>(23,227)</u> | <u>2,500</u> | <u>(400,690)</u> | <u>(421,417)</u> | <u>1,581,102</u> |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | <u>26,214</u> | <u>-</u> | <u>18,378,816</u> | <u>18,405,030</u> | <u>16,823,928</u> |
| Total funds carried forward | | <u>2,987</u> | <u>2,500</u> | <u>17,978,126</u> | <u>17,983,613</u> | <u>18,405,030</u> |

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31st MARCH 2022**

| | Notes | Unrestricted General Fund £ | Expendable Endowment Fund £ | Total 2022 £ |
|------------------------------------|-------|--------------------------------------|--------------------------------------|--------------------|
| Income and endowments from: | | | | |
| Endowments | 2 | - | 100,000 | 100,000 |
| Investments | 3 | 410,882 | - | 410,882 |
| Total | | <u>410,882</u> | <u>100,000</u> | <u>510,882</u> |
| Expenditure on: | | | | |
| Raising Funds | 8 | 59,960 | - | 59,960 |
| Charitable activities | 4 | 620,122 | - | 620,122 |
| Total | | <u>680,082</u> | <u>-</u> | <u>680,082</u> |
| Net gains/(losses) on investments | 8 | - | 1,750,302 | 1,750,302 |
| Net income/(expenditure) | | <u>(269,200)</u> | <u>1,850,302</u> | <u>1,581,102</u> |
| Transfer between funds | | <u>200,000</u> | <u>(200,000)</u> | <u>-</u> |
| Net movement in funds | | <u>(69,200)</u> | <u>1,650,302</u> | <u>1,581,102</u> |
| Reconciliation of funds: | | | | |
| Total funds brought forward | | <u>35,454</u> | <u>16,788,474</u> | <u>16,823,928</u> |
| Total funds carried forward | | <u>(33,746)</u> | <u>18,438,776</u> | <u>18,405,030</u> |

The notes on pages 11 to 15 form part of these accounts.

THE DUCHY OF LANCASTER BENEVOLENT FUND

BALANCE SHEET AT 31st MARCH 2023

| | Notes | 2023 £ | 2022 £ |
|---|-------|-------------------|-------------------|
| Fixed Assets | | | |
| Investments | 7 | <u>17,823,657</u> | <u>18,195,019</u> |
| Current Assets | | | |
| Debtors | 9 | 6,730 | 14,164 |
| Cash and deposits | | <u>202,766</u> | <u>269,927</u> |
| | | 209,496 | 284,091 |
| Creditors: amounts falling due within one year | | | |
| Grants and accrued expenses | 11 | <u>(25,540)</u> | <u>(31,080)</u> |
| Net Current Assets | | <u>183,956</u> | <u>253,011</u> |
| Creditors: amounts falling due after one year | | | |
| Grants | 11 | <u>(24,000)</u> | <u>(43,000)</u> |
| Total Non-Current Liabilities | | <u>(24,000)</u> | <u>(43,000)</u> |
| Net Assets | | <u>17,983,613</u> | <u>18,405,030</u> |
| Capital Fund | | | |
| Expendable Endowment | 12 | 17,978,126 | 18,378,816 |
| Income Fund | | | |
| Unrestricted General Fund | 12 | 2,987 | 26,214 |
| Restricted Fund | | <u>2,500</u> | <u>-</u> |
| | | <u>17,983,613</u> | <u>18,405,030</u> |

Approved by the Trustees on 21/11/2023 and signed on their behalf by



The Hon Mr Justice Timothy Fancourt
Chairman of the Trustees

The notes on pages 11 to 15 form part of these accounts.

THE DUCHY OF LANCASTER BENEVOLENT FUND

**CASH FLOW STATEMENT
FOR THE YEAR TO 31st MARCH 2023**

| | | Total | Total |
|--|--------------|------------------|------------------|
| | Notes | 2023 | 2022 |
| | | £ | £ |
| Cash outflow from operating activities | 14 | (485,248) | (541,338) |
| Cash flows from investing activities | | | |
| Dividends and interest | | 417,300 | 410,860 |
| Interest | | 789 | 22 |
| Sale of investments | | - | - |
| Purchase of investments | | - | - |
| Net cash inflow/(outflow) from investing activities | | 418,089 | 410,882 |
| Change in cash and cash equivalents in the year | | (67,160) | (130,456) |
| Cash and cash equivalents at start of year | | 269,926 | 400,382 |
| Cash and cash equivalents at end of year | | 202,766 | 269,926 |
| Cash comprises: | | | |
| Cash at bank | | 202,766 | 269,926 |

THE DUCHY OF LANCASTER BENEVOLENT FUND

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2023

1. Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Trust constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. The most significant key assumptions that affect items in the accounts are the carrying value of assets held by the Trust and the level of investment return due to the performance of investment markets (see the investment policy and performance and risk management sections of the trustees' annual report for more information).

(b) Significant judgements, key assumptions and estimates

Accounting estimates and judgements are continually evaluated and are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Duchy makes estimates and assumptions concerning the future. The resulting accounting estimates could, by definition, differ from the actual outcome.

There are no estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Income

Donations and interest from banks and Government securities are accounted for on an accruals basis. Dividends are accounted for when received.

(d) Grants

Grants are accounted for when the intention to make the payment is communicated to the beneficiary. If there are conditions attached to the payment then the grant is accounted for once the conditions are no longer within the control of the Trustees.

(e) Governance costs

Governance costs comprise costs incurred in Trust administration and compliance with regulatory requirements.

(f) Taxation

The Trust carries on activities which are exempt from corporation tax and income tax. The Charity suffers Value Added Tax which is included with the expenditure to which it relates.

(g) Fixed Asset Investments

Fixed Asset investments are stated in the Balance Sheet at bid-price valuation.

(h) Expendable Endowment Fund

Donations from the Duchy of Lancaster have been invested to provide an income from which grants may be made in accordance with the policy set out in paragraph 6 of the Report of the Trustees.

(i) Portfolio Manager Fees

The portfolio manager fees are taken from capital and offset in the unrealised (loss)/gain movement in note 8.

2. Endowments/ Donations

| | 2023 | 2022 |
|--|----------------|----------------|
| | £ | £ |
| The Duchy of Lancaster | 100,000 | 100,000 |
| The Duchy of Lancaster Food Bank funding | 420,000 | - |
| | <u>520,000</u> | <u>100,000</u> |

THE DUCHY OF LANCASTER BENEVOLENT FUND

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2023

| 3. Investment income | 2023 £ | 2022 £ |
|--|----------------|----------------|
| Quoted securities : | | |
| Interest on fixed interest stocks and dividends on unit trusts | 417,300 | 410,860 |
| | <u>417,300</u> | <u>410,860</u> |
| Bank interest | 789 | 22 |
| | <u>418,089</u> | <u>410,882</u> |

| 4. Charitable activities | Unrestricted General Funds £ | Support and Governance costs | Restricted Funds £ | 2023 £ | 2022 £ |
|--------------------------|---------------------------------|------------------------------|-----------------------|----------------|----------------|
| | Grants | | Grants | Total | Total |
| Youth and education | 137,099 | 7,503 | | 144,602 | 179,283 |
| Older & Disabled Persons | 71,141 | 3,893 | | 75,034 | 95,157 |
| Community help | 271,843 | 14,877 | 417,500 | 704,220 | 290,084 |
| Religious causes | 43,952 | 2,405 | | 46,357 | 50,900 |
| Miscellaneous | 17,000 | 931 | | 17,931 | 4,698 |
| | <u>541,035</u> | <u>29,609</u> | <u>417,500</u> | <u>988,144</u> | <u>620,122</u> |

An analysis of grants made is shown on pages 15 to 19. Support costs are pro-rated across the normal activities.

The Trustees have expressed an intention to make the following future payments, subject to the receipt of sufficient income being received from investments:

- in 2023/24, £19,000 made up of 3 grants
- in 2024/25, £24,000 made up of 3 grants

These future payments have been accrued for in 2023.

| 5. Allocation of Support and Governance costs | £ | £ | 2023 £ | 2022 £ |
|---|------------------|---------------|---------------|---------------|
| | Governance costs | Support costs | Total | |
| Auditor's fees - for audit | 6,540 | - | 6,540 | 5,580 |
| Expenses of Trustees | 2,034 | - | 2,034 | - |
| Other administration costs | 21,000 | 35 | 21,035 | 20,535 |
| | <u>29,574</u> | <u>35</u> | <u>29,609</u> | <u>26,115</u> |

Other administration costs principally consist of contributions towards office costs of the three Lords Lieutenancy offices and the Duchy of Lancaster Office together with costs of Trustees' meetings.

The administration of the Trust is managed by the Trustees and the office of the Duchy of Lancaster.

6. Trustee and Staff Costs

None of the Trustees received any remuneration during the year (2022 : £nil). Travel and meeting expenses incurred on behalf of 6 Trustees amounted to £2,034 (2022 : £nil, 6 Trustees). The charity has no directly employed staff.

THE DUCHY OF LANCASTER BENEVOLENT FUND

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2023

| 7. Investments | 2023 | 2022 |
|---------------------|-------------------|-------------------|
| | £ | £ |
| Quoted securities : | | |
| Property Funds | 1,429,265 | 1,691,648 |
| Other Funds | 16,394,392 | 16,503,371 |
| | <u>17,823,657</u> | <u>18,195,019</u> |

The historic cost of investments at 31st March 2023 was £13,678,400 (2022 : £13,739,870).

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in the Trustees' Annual Report.

| 8. Reconciliation of movement of investments | 2023 | 2022 |
|--|-------------------|-------------------|
| | £ | restated £ |
| Quoted investments: | | |
| Market value at 1st April 2022 | 18,195,019 | 16,504,677 |
| Management fee | (70,672) | (59,960) |
| (Loss) / gains in value of investments | (300,690) | 1,750,302 |
| Market value at 31st March 2023 | <u>17,823,657</u> | <u>18,195,019</u> |

Management fees have been disclosed this year and the prior year is shown on a comparable basis.

| 9. Debtors | 2023 | 2022 |
|------------------|--------------|---------------|
| | £ | £ |
| Other debtors | 2,500 | - |
| Deposit interest | 517 | 6 |
| Dividend income | 3,713 | 14,158 |
| | <u>6,730</u> | <u>14,164</u> |

10. Related Parties

Certain of the Duchy of Lancaster Benevolent Fund's expenses are incurred initially by the Duchy of Lancaster and then recharged to the Fund. The amount of such expenses relating to the year ended 31st March 2023 was £771 (2022: £5,160).

The Duchy of Lancaster Benevolent Fund paid the following grants to charities with connections to the following trustees:

- Lord Shuttleworth is either a Patron, President or similar: Cancer Care North Lancashire & South Cumbria £2,475
- Sir Warren J. Smith to 4th July 2022 is either a Patron, President or similar for: Mustard Tree £7,000 (2022 £nil), Manchester Cathedral £nil (2022: £3,500), Francis House £nil (2022: £5,000), Henshaws Society for the Blind £2,000 (2022: £2,000), Hollinwood Scouts £nil (2022: £5,000), The Proud Trust £nil (2022: £2,000).
- Diane Hawkins is either a Patron, President or similar for: Fortalice £2,000 (2022: £ nil), Walthew House £4,000 (2022: £nil)
- Mr Mark Blundell is either as Patron, President or similar for: Barnstondale Centre £nil (2022: £5,000), Sefton Council of Voluntary Services £15,000 which was then distributed to other organisations which have been listed in the grant listing (2022: £5,000), Liverpool Commonwealth Association (MAST) £2,000 (£nil).
- Hon. Mr Justice Timothy Fancourt, Sonia Tolaney and Sir Michael Stevens who served in the year have no connections to any of the charities receiving grants.

THE DUCHY OF LANCASTER BENEVOLENT FUND

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2023**

11. Grants and accrued expenses

| | 2023 | 2022 |
|--|----------------------|----------------------|
| | £ | £ |
| Audit | 6,540 | 5,580 |
| Administration | - | - |
| Grants - amounts falling due within one year | <u>19,000</u> | <u>25,500</u> |
| | 25,540 | 31,080 |
| Grants - amounts falling after one year | <u>24,000</u> | <u>43,000</u> |
| | <u><u>49,540</u></u> | <u><u>74,080</u></u> |

12. Net assets by fund

| | 2023 | | | 2022 | |
|-------------------------|----------------------|-------------------------|------------------------------|----------------------|------------------------------|
| | General Fund £ | Restricted Fund £ | Expendable endowment £ | General Fund £ | Expendable endowment £ |
| Investments | - | - | 17,823,658 | - | 18,195,019 |
| Current assets | 52,527 | 2,500 | 154,468 | 100,294 | 183,797 |
| Current liabilities | (25,540) | - | - | (31,080) | - |
| Non-current liabilities | <u>(24,000)</u> | <u>-</u> | <u>-</u> | <u>(43,000)</u> | <u>-</u> |
| Net Assets | <u><u>2,987</u></u> | <u><u>2,500</u></u> | <u><u>17,978,126</u></u> | <u><u>26,214</u></u> | <u><u>18,378,816</u></u> |

13. Movement in funds

| | General Fund £ | Restricted Fund £ | Expendable endowment £ | Total £ |
|----------------------------|----------------------|-------------------------|------------------------------|--------------------------|
| As at 1 April 2022 | 26,214 | - | 18,378,816 | 18,405,030 |
| Incoming resources | 418,089 | 420,000 # | 100,000 | 938,089 |
| Outgoing resources | (641,316) | (417,500) # | - | (1,058,816) |
| Investments Gains/(losses) | - | - | # (300,690) | (300,690) |
| Transfers between funds | <u>200,000</u> | <u>-</u> # | <u>(200,000)</u> | <u>-</u> |
| As at 31 March 2023 | <u><u>2,987</u></u> | <u><u>2,500</u></u> | <u><u>17,978,126</u></u> | <u><u>17,983,613</u></u> |

14. Reconciliation of net income/(expenditure) to net cash inflow from operating activities

| | 2023 | 2022 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Net income/(expenditure) as per statement of financial activities | (421,417) | 1,581,102 |
| Adjusted for: | | |
| Net (gains)/losses on investments | 300,690 | (1,750,302) |
| Investment income | (418,089) | (410,882) |
| Investment Management fees | 70,672 | 59,960 |
| (Increase)/decrease in receivables | 7,433 | (8,144) |
| (Decrease)/increase in payables | <u>(24,537)</u> | <u>(13,072)</u> |
| Net cash outflow from operating activities | <u><u>(485,248)</u></u> | <u><u>(541,338)</u></u> |

THE DUCHY OF LANCASTER BENEVOLENT FUND

GRANTS MADE IN THE YEAR ENDED 31st MARCH 2023

| YOUTH AND EDUCATION | £ |
|--|---------------------|
| Air Cadets (Merseyside Wing) | 3,500 |
| Alder Hey Children's Charity | 5,000 |
| Butterflies Childrens Charity | 2,000 |
| CancerHelp (Preston) Ltd | 3,500 |
| Child Action Northwest | 2,500 |
| Escape2Make | 5,000 |
| Golden Gloves Boxing Club | 3,000 |
| Greater Manchester Magistrates assoc | 2,000 |
| HOBY UK | 3,000 |
| Inspire Youth Zone | 5,000 |
| Liverpool Biennial | 2,000 |
| Liverpool Commonwealth Association (MAST) | 2,000 |
| Mancunian Way | 4,960 |
| MAST | 4,000 |
| Merseyside Community Training Ltd | 3,000 |
| Methodist Centre (Toxteth) | 5,000 |
| Nene Valley Care Trust | 3,000 |
| PCC of Preston Parish (Preston Minster) | 5,000 |
| Ruby's Fund | 2,500 |
| Sefton Children's Trust | 5,000 |
| Seven Springs outdoor activity Centre | 2,000 |
| Shaftesbury Youth Club | 3,000 |
| The Prince's Trust | 2,000 |
| The Prince's Trust | 3,203 |
| TLC: Talk Listen change | 2,000 |
| Lancaster Royal Grammar School bursary fund | 5,000 |
| Harper Adams Development Trust bursary | 5,000 |
| Moulton College bursary | 5,000 |
| Myerscough College of Agriculture bursary fund | 5,000 |
| Return of 1 bursary unfilled | (2,500) |
| Lancaster Priory (Organ scholarship bursary) | 3,000 |
| Lancaster University Regional Heritage Unit | 9,000 |
| Total of 38 grants each below £2,000 | 34,936 |
| Returned grants or increase /(reductions) in future commitments : Various | (10,500) |
| | <hr/> 137,099 <hr/> |

| OLDER & DISABLED PERSONS | £ |
|---|-------|
| Active Citizens Wirral Association | 3,100 |
| CancerCare North Lancashire & South Cumbria | 2,475 |
| Dementia UK | 2,000 |
| Henshaws Society for the Blind | 2,000 |
| Little Sisters of the poor | 2,742 |
| Liverpool School of Tropical Medicine | 5,000 |
| Manchester Deaf Society | 2,000 |
| MedEquip4Kids | 2,000 |
| Sickle Cell Care Manchester | 2,000 |
| Sightline Vision (North West) Limited | 5,000 |
| St Helens Young Carers | 2,000 |
| Stick 'n' Step | 2,098 |

THE DUCHY OF LANCASTER BENEVOLENT FUND

GRANTS MADE IN THE YEAR ENDED 31st MARCH 2023

| | |
|---|--------------------|
| Target Ovarian Cancer | 2,000 |
| The Terence O'Grady Social club | 2,000 |
| The Wheelyboat Trust | 2,000 |
| Walking with the Wounded | 2,000 |
| Walthew House | 4,000 |
| West Coast Crash Wheelchair Rugby | 2,000 |
| West Coast Crash Wheelchair Rugby Club | 2,000 |
| Wirral Hospice St John's | 3,000 |
| Young lives v Cancer | 2,000 |
| Total of 19 grants each below £2,000 | 17,726 |
| Returned grants or reductions in future commitments : | |
| Various | - |
| | <hr/> 71,141 <hr/> |

COMMUNITY HELP

£

| | |
|---|--------------|
| Ark of Hope | 2,000 |
| Army of Kindness | 2,000 |
| Aspire2 Inspire Communities | 2,000 |
| Asylum & Refugee Community, Blackburn | 2,000 |
| Barnabus | 5,000 |
| Bay Volunteers (Hope Church Lancaster) | 5,000 |
| Blackburn & Darwen Foodbanks | 2,500 |
| Blackburn Foodbank | 3,000 |
| Blackburn St Luke's St Mark & St Philips Parochial Church Council | 5,000 |
| Blackburn Youth Zone | 5,000 |
| Blackpool's Voice | 2,500 |
| Blackpool's Voice | 3,000 |
| Bridge2 (Liverpool) | 2,000 |
| Bridging the Gap | 2,000 |
| Brookfield Spaceplace | 3,000 |
| Burnley FC in the Community | 2,500 |
| Burnley FC in the Community | 3,000 |
| CAP Account Padiham PCC | 5,000 |
| Caritas Red door | 5,000 |
| Caritas Corner Stone | 5,000 |
| Caritas Lalley centre | 5,000 |
| Caritas Cornerstone | 2,000 |
| Caritas Red Door | 2,000 |
| Centrepont | 5,000 |
| Chelwood Foodbank Plus | 2,000 |
| Cherish (Reach and Connect) | 2,000 |
| Chorley United Reformed Church (The Hollinshead Centre) | 5,000 |
| Clitheroe Cricket, Bowling and Tennis Club | 2,000 |
| Coffee4Craig | 2,000 |
| Coffee4Craig | 3,000 |
| Community Larder, St Aidans Church, Bamber Bridge | 3,000 |
| Community Solutions Northwest | 2,500 |
| Community Solutions Northwest | 3,000 |
| Compassion Acts community pantries Southport | 5,000 |
| Crawshawbooth Village Community Centre Foodbank | 3,000 |
| Crewe Kindergarten Allotment Project | 3,325 |
| Curry on the Street | 2,500 |
| Curry on the Street | 3,000 |

THE DUCHY OF LANCASTER BENEVOLENT FUND

GRANTS MADE IN THE YEAR ENDED 31st MARCH 2023

| | |
|---|---------------|
| Destitution Project | 5,000 |
| Disability Equality (NW) Ltd | 3,000 |
| Downham Village Hall | 5,000 |
| Ecumenical Centre, Skelmersdale | 2,500 |
| Eggcup | 5,000 |
| Elisha House (Colne) | 2,500 |
| Emerge Fareshare | 5,000 |
| Emmaus Bolton | 2,000 |
| Emmaus Bolton | 5,000 |
| Emmaus Salford | 2,000 |
| Emmaus Salford Lucies Pantry | 2,500 |
| Emmaus South Manchester | 4,000 |
| End Furniture Poverty | 5,000 |
| Everton and Anfield Together (EAT) | 2,500 |
| Faiths4Change | 3,500 |
| Fallen Angels Dance Theatre | 4,900 |
| Farming Community Network | 5,000 |
| Farnworth and Kearsley foodbank | 3,000 |
| Farringdon Park Community Group (RAFT) | 3,000 |
| Fatima Womens Assoc | 2,000 |
| Fortalice | 2,000 |
| Friends of Kirkby Gallery & Prescott Museum | 2,500 |
| Fur Clemt | 2,500 |
| Fur Clemt | 2,500 |
| High Hopes for Halliwell Being | 2,000 |
| Hillside Methodist Church, Brinscall | 2,500 |
| Hillside Methodist Church, Brinscall | 3,000 |
| Hisprovision4 Blackpool | 2,500 |
| Hisprovision4 Blackpool | 3,000 |
| Hollinshead Centre (Open Kitchen) | 2,500 |
| Hollinshead Centre (Open Kitchen) | 3,000 |
| Incredible Eductaion CIC | 2,000 |
| Independence Initiative (Indy Pantry) Bootle | 3,000 |
| Lamet Habayeb | 2,000 |
| Lancashire and Region Dietary Education Resource (CIC) (The Larder) | 3,700 |
| Leyland Foodbank - Churches Together in Leyland | 2,500 |
| Leyland Foodbank - Churches Together in Leyland | 3,000 |
| Lifeshare Ltd | 5,000 |
| London Community Foundation | 4,590 |
| L30 Community Centre Netherton | 2,000 |
| Mahdio | 5,000 |
| Manchester Sikh Foundation (Feed my city) | 5,000 |
| Manchester Sikh Foundation (Feed my city) | 2,000 |
| Maundy Relief Trust | 2,500 |
| Maundy Relief Trust | 3,000 |
| Morecambe Bay Foodbank | 2,500 |
| Morecambe Bay Foodbank | 3,000 |
| Mustard Tree | 2,000 |
| Mustard Tree | 5,000 |
| Nelson Community Masjid Foodbank | 2,500 |
| Nelson Community Masjid Foodbank | 3,000 |
| North West air ambulance Major grant | 5,000 |
| Number Seven | 16,900 |
| Oldham Foodbank | 5,000 |
| Ormskirk Food Bank | 2,500 |
| Ormskirk Food Bank | 3,000 |
| Osun Arts Foundation | 2,275 |

THE DUCHY OF LANCASTER BENEVOLENT FUND

GRANTS MADE IN THE YEAR ENDED 31st MARCH 2023

| | |
|---|--------------|
| Park Palace Ponies | 5,000 |
| Park Roots CIC (FOBP) | 3,000 |
| PCC St. George Huyton | 2,500 |
| Preston Community Hub Foodbank | 2,500 |
| Preston Community Hub Foodbank | 3,000 |
| Preston Minster Foodbank | 3,000 |
| RABI Lincolnshire Back to School Support | 5,000 |
| RABI Northamptonshire food parcels | 4,900 |
| Rangemore Parish, Needwood outdoor play | 4,697 |
| Reachout to the Community | 3,000 |
| Redeeming Our Communities | 2,000 |
| Resource Blackburn | 5,000 |
| Ribble Valley Foodbank (overseen by the Ribble Valley Gateway Trust) | 2,500 |
| Ribble Valley Foodbank (overseen by the Ribble Valley Gateway Trust) | 3,000 |
| Rochdale Foodbank | 4,000 |
| Rochdale Foodbank | 2,000 |
| Salford Foodbank | 2,500 |
| Salford Foodbank | 2,500 |
| Salford Foodbank | 2,000 |
| Salford Loaves and Fishes | 2,000 |
| Skelmersdale & District Foodbank | 3,000 |
| Soup Kitchen | 5,000 |
| St Anns Hospice Major grant | 5,000 |
| St Helens Mobile Pantry | 5,500 |
| St John The Evangelist Church (Little Thornton Hub) | 5,000 |
| St Leonard's Youth and Community Centre community pantries | 5,000 |
| St Matthews | 3,000 |
| Star Academies - Highfield Academy | 3,000 |
| Star Academies - The Valley Leadership Academy, Bacup | 2,500 |
| Star Academies Family Food Bank - Morecambe Bay Academy | 3,000 |
| Star Academies Family Food Bank - Tauheedul Islam Boys' High School | 2,500 |
| Stockport Foodbank | 5,000 |
| Stretford Foodbank | 2,500 |
| Tameside East Foodbank | 4,000 |
| The Billy Project CIC | 2,500 |
| The Bolton Guild of Help | 2,000 |
| The Bolton Guild of Help | 2,000 |
| The Bond board | 2,000 |
| The Bond Board | 2,000 |
| The Booth Centre | 2,000 |
| The Booth Centre | 5,000 |
| The Bread and Butter Thing | 5,000 |
| The Bridge | 2,500 |
| The Bridge at Leigh | 2,500 |
| The Church on the Street Ministries | 2,500 |
| The Church on the Street Ministries | 3,000 |
| The Olive Branch (Faith in Action) | 2,500 |
| The Olive Branch (Faith in Action) | 3,000 |
| The Pantry, Fleetwood | 2,500 |
| The Pantry, Fleetwood | 3,000 |
| The Salvation Army Foodbank | 2,500 |
| The Salvation Army Foodbank | 3,000 |
| The Wellspring Stockport | 5,000 |
| The Wellspring Stockport | 2,000 |
| Trafford South Foodbank | 2,500 |
| Trafford Veterans | 3,252 |
| Triple C Liverpool | 2,500 |

THE DUCHY OF LANCASTER BENEVOLENT FUND

GRANTS MADE IN THE YEAR ENDED 31st MARCH 2023

| | |
|--|---------------|
| Urban Outreach | 5,000 |
| Urban Outreach | 2,000 |
| Village Centre Foodbank, Crawshawbooth | 2,500 |
| Wade Hall Foodbank | 3,000 |
| Wade Hall Foodbank, Leyland | 2,500 |
| Wesley's Larder | 2,500 |
| Wesley's Larder | 3,000 |
| West View Community Association | 2,500 |
| Westview Community Association | 3,000 |
| Yad Veachisomoch L'Chaim | 3,000 |
| Total of 93 grants each below £2,000 - Unrestricted | 73,204 |
| Total of 68 grants each below £2,000 - Restricted | 99,100 |

Returned grants or reductions in future commitments :
Various (15,000)

689,343

Unrestricted 271,843
Restricted 417,500

RELIGIOUS CAUSES

£

| | |
|---|-------|
| Liverpool Anglican Cathedral | 5,000 |
| Liverpool Parish Church | 5,000 |
| Metropolitan Cathedral of Christ the King | 5,000 |
| Rangemore Church Bell | 5,000 |
| St Philips Parish Church Litherland | 5,000 |
| St Vincent de Paul Liverpool | 5,000 |
| The Fiends of St Marys | 4,800 |

Total of 12 grants each below £2,000 9,152

Returned grants or reductions in future commitments :
Various -

43,952

MISCELLANEOUS CAUSES

£

| | |
|--|-------|
| Dansworks Dance Academy of Performing Arts | 5,000 |
| Equalities & Justice North West | 2,500 |
| Roy Castle Lung Cancer Foundation | 3,000 |

Total of 10 grants each below £2,000 6,500

Returned grants or reductions in future commitments :
Various -

17,000

Total of grants made in the year 958,535

THE DUCHY OF LANCASTER BENEVOLENT FUND

STATEMENT OF INVESTMENT PRINCIPLES

Background and purpose of portfolio

The Duchy of Lancaster Benevolent Fund supports charitable causes in the County Palatine of Lancaster and elsewhere in the UK, where the Duchy of Lancaster has historical connections.

Investment objectives

The minimum investment objective for the Fund's investment portfolio is to maintain the capital value of the Fund in real terms after inflation and distributions.

Distribution policy

It is the Trustees' policy to distribute investment income received in the investment portfolio on an annual basis. The level of distribution is reviewed regularly in light of changing market conditions to ensure that it is sustainable over the longer term. The current distribution rate has been set at 3.0% p.a., approximately £500,000 in money terms.

Total return target

The level of distributions from the Fund and the need to maintain the real value of capital and income from inflation imply a minimum total return target over the longer term for the investment portfolio of CPI inflation +3% p.a.

Time horizon

The time horizon for the investment portfolio is considered to be long term, reflecting the Fund's purpose. This is defined in investment terms as being over ten years.

Liquidity requirement

There is no requirement to hold a specific proportion of assets in cash or other short term asset classes but all investments should be in relatively liquid vehicles.

Ethical considerations

There are no specific constraints on the investment portfolio in terms of ethical, social or environmental (ESG) matters but the managers of the portfolio are expected to take ESG issues into consideration when assessing individual investments and actively engage with company management to improve their ESG

Risk tolerance

A reasonable level of capital volatility within the investment portfolio is acceptable given the Fund's long term time horizon and total return objectives but to limit capital and other risks in the investment portfolio, the portfolio should be well diversified across asset classes and individual investments.

Investment benchmark

To achieve the required return without taking excessive risk in the investment portfolio, the strategic asset allocation or neutral benchmark for the portfolio has been set with 45% in UK equities, 22.5% in overseas equities, 18% in bonds, 10% in property and 4.5% in cash.

Investment management arrangements

The Trustees will appoint investment managers to manage the assets of the portfolio in accordance with the principles set out in this statement and within the guidelines set down from time to time by the trustees. The Trustees will monitor the performance of the manager against the stated investment benchmark on a quarterly basis but it is anticipated that the manager will be given a period of minimum tenure of between three and five years.

Permitted asset classes, ranges and benchmark indices

The table below shows the strategic asset allocation and benchmark indices against which the managers' performance will be monitored. The table also shows the broad asset classes in which investment is permitted. Maximum and minimum ranges have been set to limit the overall risk within the portfolio.

THE DUCHY OF LANCASTER BENEVOLENT FUND

STATEMENT OF INVESTMENT PRINCIPLES

Permitted asset classes, ranges and benchmark indices (continued)

| Asset class | Benchmark % | Permitted range % | Benchmark indices |
|-------------------|-------------|-------------------|---------------------------------|
| Cash | 4.5 | 0-10 | Sterling 7 day LIBOR |
| Bonds | 18.0 | 10-35 | FTSE All Stocks All Gilts Index |
| UK equities | 45.0 | - | FTSE All Share Index |
| Overseas equities | 22.5 | - | FTSE World ex UK Index |
| Total equities | 67.5 | 45-80 | |
| Property | 10 | 5-15 | MSCI UK Property Index |
| Total | 100 | | Composite index |

Currency and hedging

The Trust's liabilities are all in sterling and therefore the bulk of the portfolio should be held in sterling to avoid unnecessary currency risk. Non sterling exposure should be limited to 40%.

Restricted asset classes

There should be no investment in gold bullion and commodities nor in private equity vehicles.

Other restrictions

- a. No direct holding is to exceed 1% of the issued share capital of a company without prior permission of the Trustees.
- b. No acquisition should result in the relevant holding representing more than 5% of the value of the portfolio without prior consent of the Trustees, save in the case of a government security or managed fund. This does not preclude the retention of a holding that attains a value in excess of 5% of the Fund after purchase.
- c. The manager must have the prior approval of the Trustees before:-
 - Investing in non readily realisable investments;
 - Effecting off-exchange transactions;
 - Entering underwriting or sub-underwriting commitments;
 - Using futures, options and other derivative products.

Approval to carry out any restricted activity may be given by one Trustee and the Secretary of the Fund upon receipt of a written recommendation from the manager. Any such approval must be reported to the trustees at their next meeting.

Review process

The Trustees will review the contents of this statement of investment principles on an annual basis and modify if it is deemed appropriate.

Last reviewed: November 2023