

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

MINUTES OF A MEETING OF THE TRUSTEES' INVESTMENT GROUP

MONDAY 23rd JANUARY 2023

Trustees present:

Mr Justin Ash (JA) (Chairman), Mr Paul Copsey (PC), Mr Jon Randall (JR) and Mr Julian Soper (JS).

Also in attendance:

Mr Michael Messent (MM) (Secretary to the Trustees) and Mr Jeremy Barker (JB) (Cazenove Capital Management) (Caz).

Apologies:

Mr Jolyon Berry, Mr Tony Narula, and Mr Ian Sabin.

The Chairman welcomed those attending the Zoom meeting and noted the apologies.

The Chairman invited JB to highlight the main features in his report which had been previously been circulated, which he duly did, as follows: -

- The general outlook remained very uncertain.
- The preference for sustainable investments had been a headwind. The strong growth in recent months had been in energy and things like tobacco.
- Both bonds and equities had performed very poorly in historical terms, and had done so at the same time.
- The fund was up so far in 2023 but was down 6.4% over the 12 months to December 2022.
- Caz had been reducing equity weighting and adding to bonds and private equity.
- It was his view that inflationary pressures would ease in 2023.
- Earnings were reducing.
- Against that backdrop, it would still be possible to pay out 4% given past gains and the long term target being CPI + 4%, but any flexibility would allow the portfolio a better chance to grow the capital further after a difficult year.
- Private equity investment was continuing in accordance with the agreed phasing plan. Hollyport was a promising prospect with a broad spread of opportunities and this would be the focus for their PE investment in the short term. Also, Caz is looking to add to the Schroder GAIA fund this year and introduce a new sustainable focussed private equity fund called Hamilton Lane.

The Chairman invited questions from the Trustees present.

JS enquired as to the Caz view of the risks associated with Taiwan's future. JB advised that the present view was that invasion in the foreseeable future was considered unlikely and he noted that the Fund was no longer exposed to Chinese Bonds.

PC asked whether PB thought that the Bank of England had and will correctly judge changes in interest rates given that the experience of history suggested that there was a 9 to 15 month lag between rises and impact. JB agreed that there was a risk of "overcooking" and that the likely problems supported the Caz view that there should be a pause before investing more in equities.

JA asked for the view of the meeting about whether paying 4% as a grant to the College for the coming year would be prudent. JB said that there had been some very good investment years in the past which provided a buffer but a reduction in the grant would help sustain payments at that level in the future. JS expressed concern at the impact of inflation and that caution might be sensible. JR pointed out that at last September's meeting the firm ambition had been expressed to keep payments at 4%. **JA proposed that in light of the debate the difficult issue of the amount of the grant for the coming year should be carefully considered by all the Trustees and discussed fully at the May meeting in light of the state of the Fund at that time.**

MM was asked whether a supplementary payment could be made at the end of the year if the Fund did well. MM advised that the College's funding for Fellows was linked to the academic year which started in October and that it might be better to retain any gains and keep them invested and add any surplus to the following years grant.

JS said that current problems highlighted the value of fundraising and it was agreed that this should be discussed as a key item by all Trustees at the May meeting.

The Chairman closed the meeting and thanked those attending for their contributions.

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Chairman