



## The FEDERATION of EUROPEAN BIOCHEMICAL SOCIETIES (FEBS)

*A charitable organization advancing research in the molecular life sciences  
across Europe and beyond*  
[www.febs.org](http://www.febs.org)

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FEBS – Federation of European Biochemical Societies

Charity Registration Number: 1149638

Investment Policy Statement: Dated: 9 September 2017

### 1. Introduction

- a. FEBS is a registered charity with the UK Charity Commission and is also an English Company limited by guarantee. The purpose of FEBS is to support research and education in molecular life sciences through its journals, fellowships, courses, congresses and other activities.
- b. Currently, most of FEBS income is from the journals FEBS publishes. A secondary but important flow of income is from investments.
- c. Open Access is a potential threat to FEBS's income. Currently FEBS receives subscription income from academic institutions via the publisher for the two largest journals. Under open access of academic journals, income will be received by FEBS from individual research teams for each paper published. FEBS has a multi-year contract with our publishers. However, open access may have a significant impact on the income of FEBS before the contract ends.
- d. The financial objective of FEBS is to increase the level of investment assets so that the income from these assets replaces any potential reduction of journal income in coming years. The aim is that this will generate a stable and sustainable return to fund the activities of FEBS.
- e. FEBS has substantial assets mostly in the form of equities, bonds and cash as at 31 December 2017. It has no property.
- f. In years 2014 – 2016 the expenditure on grant funded activities was reduced to build the level of investment assets. From 2017 onwards there will be a higher level of expenditure on FEBS charitable activities.
- g. The Charities Commission states that trustees who give discretionary powers to an investment manager are legally required to have a written investment policy. Trustees are legally obliged to take advice from someone experienced in investment matters where they consider they need it.
- h. The trustees of FEBS have delegated decision making on investment matters to the finance committee.



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### 2. Investment Objectives

- a. FEBS seeks to produce the best financial return within an acceptable level of risk.
- b. The investments are to enable FEBS to fund its activities in the long-term. The returns on investment are to provide funding of charitable activities and to increase the size of the investment fund in the next 7 – 8 years. The aim is to increase the size of the investment fund to provide higher income in the future to offset any potential reduction in income from royalties.
- c. The investment objective is to generate a return of HICP plus 3.5%, over the long term, after expenses. HICP the Harmonised Index of Consumer Prices is to be used as a measure. This should allow FEBS to at least maintain the real value of the assets, whilst funding annual expenditure over time.
- d. FEBS has a target level of investment that will cover any shortfall from Publication's income.
- e. .
- f. .
- g. FEBS uses a total - return investment strategy.
- h. The base currency of the portfolio is Euros. FEBS is registered as a UK charity and reports and complies with the law and guidelines of the UK.

### 3. Investments in molecular, pharmaceutical and biotechnology firms

- a. While FEBS views favorably investments in Molecular, Pharmaceutical and Biotechnology, an allocation to these sectors in the portfolio should be in alignment with the return and risk objectives stated in the Investment guidelines and the sector model allocations of the investment managers. The investment manager retains discretion as to the level of investment of the portfolio in these sectors.

### 4. Risk

- a. FEBS wishes to pursue an investment strategy with a medium level of risk.
- b. FEBS uses the total-return investment model.
- c. FEBS relies on the return on investments and journal income to fund its activities. The level of journal income may be threatened by open access of journals as noted in section 1.c.
- d. Capital volatility can be tolerated if consistent with expectations.



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- e. Diversification of assets is required.
- f. Enough cash is to be held in Euros and GBP to service expenditure for at least 1 year and this will not be held in the portfolio.
- g. A minimum A credit rating is to be held by deposit- taking institutions.
- h. A maximum of 10% of the value of the investment fund is to be held in cash, per institution.
- i. No non-investment grade bonds are to be held as part of the portfolio. The minimum average credit- rating for bond holdings in the portfolio is to be A.

### 5. Liquidity Requirements

- a. FEBS plans to keep its expenditure at current levels plus inflation. This is to be funded mostly by income from FEBS publications, for the foreseeable future.
- b. FEBS plans to hold one years' worth of expenditure in cash deposits. This is to remain separate from the long-term investments.
- c. The investment managers are to advise the trustees as to the percentage level of funds to keep in investments that can be realised within three months.

### 6. Time Horizon

- a. FEBS is expected to exist in perpetuity and investments should be managed to meet the investment objective and ensure this sustainability.
- b. FEBS time horizon for its investment strategy is 5-7 years. During this time it is hoped there will be no withdrawals from the portfolio. Funds will be added to the portfolio over this period.
- c. In the long-term forecast of 7 years, it is possible that the level of income from FEBS journals may reduce to one third of its current levels. Therefore income from the assets should be at a level that, with the reduced journal income, will allow the current active activities to continue.

### 7. Ethical Investment Policy

FEBS assets should be invested in line with its aims. The trustees do not wish to adopt an exclusionary policy, apart from the following:

- FEBS investments are not to be invested directly in an organisation where more than 10% of its revenue is from the sales of arms or tobacco.
- FEBS investments are not to be invested in Collective Funds where more than 10% of the Fund's holdings are invested in companies that derive more than 10% of their revenue from Tobacco and Armaments.
- FEBS has a preference not to invest in those organisations which are known to be in breach of international conventions (such as those published by the UN and UNHCR) on the exploitation of workers and children. FEBS will seek advice and clarification from the investment manager on this point.



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### 8. Management, Reporting and Monitoring

- a. FEBS has appointed a professional investment management firm to manage the assets on a discretionary basis in line with this policy. The investment manager provides custody of assets. Managers are required to produce a monthly valuation and performance report. FEBS has nominated a list of authorised signatories, two of which are required to sign instructions to the investment manager.
- b. The investment manager will provide the following information on a monthly basis: valuation of investments, transaction report, cash reconciliation, performance analysis and commentary.
- c. The finance committee has responsibility for agreeing strategy and monitoring the investment assets. The committee meets annually to review the portfolio, including an analysis of return, risk and asset allocation. Performance will be monitored against agreed market benchmarks, and against the investment objective of substantial return over inflation over the long term.  
The investment manager is required to present to the finance committee on an annual basis. The finance committee has the option to call another meeting or teleconference with the investment manager if deemed appropriate.
- d. The level of capital volatility will be monitored to ensure the risk profile remains appropriate for FEBS.
- e. The finance committee is to report formally to the full trustee board on at least once a year. This report should include a review of asset allocation strategy, performance, risk profile and consistency with the long term investment objective.

### 9. Approval and Review

- a. This Investment Policy Statement was prepared on behalf of the finance committee of FEBS to provide a framework for the management of its investment assets. It will be reviewed on an annual basis to ensure continuing appropriateness.

Approved by the finance committee

Signed: \_\_\_\_\_

Role: Chair of the Finance Committee

Name: \_\_\_\_\_

Dated: \_\_\_\_\_

Note: This is an abridged version of the investment policy.