ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND AND SAMARITAN FUND INVESTMENT POLICY STATEMENT 2026/27

1. Introduction

a. The Royal Engineers Officers' Widows Society (REOWS) is a private unlimited company, the purpose of which is:

'To establish, maintain and administer a fund for the better support and maintenance of the spouses and dependants of Officers of the Corps of Royal Engineers and such other persons related to or otherwise connected with such Officers as the Society may from time to time approve in general meeting'.

b. The Royal Engineers Officers' Widows Society Samaritan Fund is a charity, the objects of which are:

(1) The relief of hardship amongst widows {spouses/partners} and orphans of Officers of the Corps of Royal Engineers.

(2) To carry out such other legal charitable purposes for the relief of hardship as the Trustees being not less than five in number shall from time to time by deed executed with their unanimous consent declare.

c. Current funds under investment are, approximately:

(1) **REOWS Annuity Fund**: £9.7M

(2) **Samaritan Fund**: £0.59M

d. Both the Annuity Fund and Samaritan Fund delegate investment decisions to Investment Management Companies (IMCo) whose activities are overseen by an Investment Management Committee (IMC) reporting to the Council as required.

(1) The REOWS IMCo is selected based on a comparative analysis of options by the IMC for an initial term of two years, up to a total duration of six years. James Hambro & Partners (JH&P) were re-appointed following the September 2021 selection process with effect 1 October 2021. Additional two-year terms were agreed in October 2023 and in October 2025. The next Investment Manager Selection (IMS) is to be run by October 2027.

(2) The Samaritan Fund IMCo is selected by the Armed Forces Charity Advisory Company (AFCAC).

e. The principal activities of the REOWS Annuity Fund are the payment of lump sums following the deaths of members, and the payment of subsequent annuities to beneficiaries. Subscription and benefit rates are ratified triennially by the Council at the Society AGM,

informed by an Actuarial Report. The last increase in benefit (and subscription) rates became effective on 1 January 2025, with the next review due as at 31 Dec 2026.

f. The principal activity of the Samaritan Fund is the provision of grants and loans to eligible persons. The level of routine grant is set by reference to the Joseph Rowntree Foundation[1]. One-off grants are authorised by a Nominated Trustee under powers delegated from the Council, current Col (Retd) John Crompton.

g. The financial objective of the Annuity Fund is to maintain its ability to fund lump sums and annuities. The viability of the fund to achieve this is calculated every three years by an actuary upon the **assumption** that the fund will invest to achieve a return equivalent to at least 20 Year Gilts plus two percent. This is continued to be viewed as a prudent assumption which was applied by the actuary (and capped at a total of 5%) during the last review (as at 31 December 2023), and this assumption will be reviewed during the next review (in 2027). Investment return targets (based on CPI) are to be reviewed and set out as part of the IMS 2027 process.

h. In recent years the financial objective of the Samaritan Fund had been to provide benevolence whilst maintaining a set fund value. In view of the ongoing cost of living crisis and associated inflationary pressures, the Trustees decided to remove this constraint in 2023. This approach will be reviewed annually usually at the Council Meeting prior to the AGM.

i. Any Samaritan Fund loans are assumed to be made at no cost to the beneficiary and are therefore a depreciating asset. The inflation measure considered to be most relevant to the Samaritan Fund is the Retail Price Index.

j. In 2025 the approximate distribution of funds was:

(1)	REOWS Lump Sums:	£77K (2024 - £31K)
(2)	REOWS Annuities:	£75K (including £17K income tax deducted at source) (2024 - £80K)
(3)	Society Administration[2]:	£51K (2024 - £56K)
(4)	Samaritan Fund Annual Grants:	£5.5K (2024 - £12K)
(5)	Samaritan Fund One-Off Grants:	Nil (2024 – Nil)
(6)	Samaritan Fund Loans:	Nil (2024 - Nil)
(7)	Samaritan Fund Administration:	£4.0K (2024 - £3.9K)

k. The Society Council has delegated the development of an investment strategy to meet the requirements of this policy to an IMC.

2. Investment Objectives

a. The Society seeks to produce the best financial return within an acceptable level of risk.

[1] As set out in Samaritan Fund Charitable Support Activities dated September 2026.
[2] Not including Investment Portfolio management fees.

b. **Annuity Fund**. The investment objective is to generate a return better than the 20 Year Gilts plus two percent set out in paragraph 1g in order to match the actuarial assessment of fund viability, last made in December 2023. As of August 2026, this equated to a figure of 7.70%[3]. The Council aspires to increase benefit rates in line with the prevailing CPI/RPI, while minimising increases to subscription rates.

c. **Samaritan Fund**. On the assumption that a fund of the current size would not achieve results equivalent to that of the BlackRock AFCG&I Fund no precise investment objective is set. The IMC monitors the activities of the AFCAC and IMCo to ensure the fund remains a going concern.

3. **Time Horizon**

a. The REOWS and Samaritan Fund are expected to exist in perpetuity, and investments should be managed to meet the investment objective and ensure this sustainability.

b. Both can therefore adopt a long-term investment time horizon. For the Annuity Fund this is formalised as 50 to 60 years.

4. **Liquidity Needs**

a. **Annuity Fund.** Annual benefit requirements are unpredictable due to the varied number of units held by members and in order to ensure the Society can act swiftly in the event of multiple deaths of members, it must be possible to ensure £110K[4] is available within three working days. This requirement is met by maintaining a current account at £20K, along with Instant Access Business Accounts at no less than £40K (and no more than £80K). The Fund Manager is prepared to make available amounts of between £20K to £40K following larger lump sum payments. This approach remains open to review.

b. **Samaritan Fund.** The Charity receives quarterly dividend income from the AFCG&IF. Should annual expenditure (grants and administrative costs) exceed annual dividend income, units of investment will be encashed in order meet the delta. If a surplus results, additional units should be purchased. During 2026, the Charity is committed to just under £5K of annual grants with around £21K of dividend income expected.

5. **Ability to bear losses**

a. **Annuity Fund.** The portfolio can sustain a temporary fall in value by up to 20% before it has a material impact upon the Council's financial objectives. This figure is reviewed by the IMC in conjunction with the IMCo on a regular basis. The IMCo are mandated to inform the IMC of any drop of 10% following the last quarterly valuation[5]. Should a 20% drop occur from any previous high, an extraordinary IMC is to be called to take stock and evaluate options[6].

b. **Samaritan Fund.** Governed by the AFCAC, however at the Sep 25 IMC and in the context of recently improved AFCGIF performance in the wake of a period of poor performance it was agreed that further reviews should take place should a 20% drop in value occur

6. **Ethical Investment Policy**. The REOWS assets should be invested in line with its aims. The Council Members (also Samaritan Fund trustees) do not wish to adopt an exclusionary policy, but

[3] Noting that during the last 12 months the 20YG has fluctuated between a low of 4.91% (Feb 26) and a high of 5.81% (May 26).
[4] Equivalent to 25 units worth of lump sum payments (on 1 Jan 25 benefit rate)
[5] As was the case in March 2022.
[6] For context, the most recent drop in value was 13.5% between 31 Dec 21 and 30 Jun 22.

individual investments may be excluded if perceived to conflict with the Society's purpose and objects. Ethical restrictions will be reviewed annually and recorded by the IMC. Currently, companies are excluded from investment if they generate more than 5% of turnover from gambling, tobacco, alcohol and adult entertainment. The resultant impact upon portfolio performance is routinely briefed to the IMC by the IMCo. At the May 2026 IMC, an exception to Tesco was agreed with respect to its alcohol sales.

7. **Roles and Responsibilities**

a. REOWS Council Members, elected in accordance with the REOWS Articles of Association, act as Company Directors, as well as Trustees to the Samaritan Fund, in accordance with the Charity's Deeds of Trust.

b. The REOWS Council will be responsible for appointing the IMC to whom they will delegate authority for decision making. They will be responsible for confirming the investment strategy recommended by the IMC in the context of the overall REOWS business strategy and this investment policy statement.

c. Currently the IMC comprises the Council Chair, four Council Members and an Investments Adviser. One of the Council members is normally the next designated Council Chair.

d. The Investments Adviser is appointed by the Chair following a selection process. The current Adviser (Mr James de Broë-Ferguson) was appointed in March 2022 for an initial period of five years.

e. The IMC will be responsible for developing the investment strategy required to meet the needs of this policy document, for the appointment of appropriately qualified investment managers and for monitoring the investment assets. The IMC will meet on at least a biannual basis.

8. **Management, Reporting and Monitoring**

a. The IMC will recommend and define a suite of performance indicators for reporting by the IMCOs. These indicators will support the achievement of the objectives set out within this statement of investment policy. The IMC will also agree suitable benchmarks with the IMCOs for each performance indicator selected.

b. Investment managers will be required to provide a three-monthly valuation statement and performance report against the indicators set out above. They will also be required to provide a three-monthly movements report in a format to be agreed by the IMC.

c. The IMC is to review the information provided and produce a summary for circulation to the annual Council Meeting in October, and to any AGM.

9. **Approval and Review**. This investment Policy Statement was prepared by the IMC for approval by the REOWS Council and the trustee board, to provide a framework for the management of its investment assets. It will be formally reviewed at the October Council Meeting each year to ensure continuing appropriateness.