



PRESS RELEASE

Trusts and foundations cautiously optimistic over longer term

UK-based trusts and foundations are weathering the recession better than many other sectors, with nearly 75% predicting steady or rising **income levels** over the longer term and two-thirds planning to maintain or increase their level of grant-making. This optimistic outlook is despite experiencing short-term falls in the value of their investments.

The findings come in a major new survey by the Association of Charitable Foundations, whose members manage well over £30 billion in investments and provide about 10% of the annual income for the voluntary sector.

“Trusts and foundations exercise very prudent financial controls and plan for the long term, and it is clear that this has enabled many of them to lessen the impact of the downturn,” says David Emerson, ACF Chief Executive. *“Steps taken included reducing reliance on equities prior to the recession, and increasing investments overseas – which has led some to report a rise in income due to the weaker pound.”*

Over 75% of respondents have reviewed their investment strategy as a result of the credit crunch, with a significant number commenting that they would continue their current strategy but keep it under review.

For this year, 36% of ACF members expect to maintain current levels of grant-making, with 9% increasing these levels. Looking forward, 15% anticipate higher grant-making in 2010, and 38% plan to increase grant-making over the longer term.

What some respondents do expect are changes in the nature of the grants they make next year: 44% are likely to give fewer grants; 27% believe their grants will be smaller, and 23% think they will be given over shorter periods.

Trust and foundation assets have been hit by the downturn, but the picture is more promising than in many other sectors. While 75% of respondents reported a significant

decrease in investment value over the past 12 months, 40% said that share dividend income had remained steady. Only 12% foresee a continuing decrease in income over the longer term.

One respondent's comment summarises the view of many. *"We take a long-term view. We have made provision for at least two years' worth of easily accessible funds to cover projected expenditure, and believe markets (and our assets) will recover."*

David Emerson concludes: *"Here is a very positive story of sound charity and financial management. Some of the largest and the smallest foundations in the country are telling us that while not immune to the recession, for the most part it is business as usual, and things are looking brighter over the longer term."*

Note: The Charity Commission is due to publish its own research in early July. Preliminary findings indicate it too may suggest a positive picture of how trusts and foundations are responding to the economic downturn.

Notes to Editors

- ACF (Association of Charitable Foundations) is the leading membership association for trusts and foundations in the UK with over 300 members ranging in size from small and local grant-makers to some of the world's largest foundations. They provide grants of about £1.7bn each year, predominantly to charities and the voluntary sector. ACF provides a framework in which its members learn from each other's experience and achieve good practice in grant-making.
- The ACF survey was carried out in April and May 2009. Forms were sent to Chief Executives of all ACF members and 95 responses received; a response rate of 33%.
- For further information, contact David Emerson, Chief Executive, on 020 7255 4499.
- Interviews can also be arranged with James Brooke-Turner, ACF Treasurer. Tel: 020 7631 0566.