

InFOCUS Charities

Issue 17 Spring 2026

Ongoing support and guidance for charities in an evolving world



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Welcome

Welcome to the Spring 2026 edition of *Charities InFocus*.

In this issue, we examine how the British Red Cross is helping philanthropists cut through uncertainty and maximise their impact.

We also explore how thinking about your end-of-life care and wishes now can bring financial benefits while helping to ensure you receive the support you may need.

In addition, we look at donor-advised funds, explain why the current crisis in the Middle East shows that ESG investing is an economic imperative rather than a 'nice to have', and consider how AI will shape the future of giving.



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A message from our Group Chief Investment Officer

Uncertainty has become a defining feature of the world in which charities now operate. Economic cycles, political instability and sudden geopolitical shocks can reshape the financial landscape with little warning, testing even the most carefully considered plans. For finance leaders in the charity sector, this volatility is no longer an occasional disruption but a structural reality that demands constant vigilance, adaptability and resilience.

Geopolitics, in particular, has the power to alter operating conditions almost overnight. The situation in the Middle East is a stark illustration of how events beyond the control of any one organisation can quickly ripple through global markets and local communities alike. While the extension of a ceasefire offers a vitally important humanitarian pause, the absence of progress in longer-term talks highlights the fragility of the situation. For charities, such uncertainty carries tangible financial consequences.

Costs are often the first pressure point. Disruptions to shipping routes, higher insurance premiums and volatility in energy prices can feed through to increased operating expenses, whether that is heating community buildings, transporting supplies or funding overseas programmes. Inflationary pressures, already a concern for many organisations, can be intensified by geopolitical risk, eroding budgets that were set under very different assumptions.

At the same time, demand for charitable services can rise sharply. Conflict and insecurity increase humanitarian need directly, but they also have indirect effects closer to home, as higher living costs place greater strain on vulnerable households. Charities providing food, housing, advice or mental health support may find themselves facing higher demand precisely at the moment when their own finances are under pressure.

Fundraising activity is also affected by an unpredictable global backdrop. Periods of geopolitical tension can weigh on consumer confidence and disposable income, making donations less certain. Institutional and corporate donors may delay funding decisions, while investment income can become more volatile. For finance teams, this creates a complex balancing act between meeting immediate needs and preserving long-term sustainability.

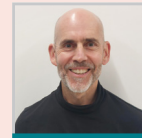
Yet there are also reasons for cautious optimism. The charity sector has repeatedly shown its capacity to adapt in the face of disruption, drawing on strong governance, prudent financial management and deep connections to the communities it serves. Uncertainty has sharpened the focus on scenario planning, diversified income streams and collaboration, strengthening organisations for the long term.

In a world that remains unpredictable, effective financial leadership has never mattered more. By staying informed, planning for multiple outcomes and retaining a clear sense of purpose, charities can continue to deliver impact even in difficult times. While geopolitics may shape the environment, it does not define the sector's ability to respond with resilience, creativity and hope.



Patrick Farrell,
Group Chief Investment
Officer, Charles Stanley

Support for anyone with a terminal illness – Marie Curie



By Philip Pooley
Legacy Lead
Marie Curie

Marie Curie nurses and healthcare professionals offer expert care and support for anyone with a terminal illness, and those close to them. The UK's leading end-of-life charity provides expert care and support in homes, hospices and over the phone. They are looking at new ways to reach more people earlier and in different places of care. They also continue to campaign for a better end of life for all, and are the biggest charity funder of palliative care research in the UK.

Phil Pooley, Legacy Lead at Marie Curie highlights why thinking about your end of life care and wishes now may benefit you financially, but why doing so is also more likely to ensure you will receive the care and support you may need. It could be the greatest gift you can leave for your loved ones.

Recent UK research shows that almost 1 in 3 people die without the essential care and support they need. That's around 200,000 people every year¹.

Fear, awkwardness, or stigma often stops people talking about end-of-life plans, and it can leave them feeling deeply unprepared and distressed. There is no getting away from the fact that death is such a pivotal and profound moment of our lives, so how can we, and why shouldn't we consider this topic more openly?



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Talking about dying and death is not easy

According to Marie Curie research conducted in 2023, of those surveyed²:

- 86% had not discussed end of life wishes with anyone, even those closest to them.
- 93% had not made initial end of life enquiries with a healthcare provider.
- 80% are unaware of the death administrative and practical tasks that need to be completed.

Planning ahead allows us to:

- Discuss and identify what matters to us.
- Make personal and informed choices about the type of care we wish to receive.
- Be better prepared to cope with the emotional and practical experiences around death.
- Have the opportunity to get our finances and personal affairs in order.
- Enjoy greater peace of mind knowing that our wishes are understood and plans are in place.

If we are having open conversations about this subject, we are permitting our preferences and creating ease for the end of our lives. For example, when someone's dying or grieving, they shouldn't have to spend their precious time and energy wading through piles of administrative tasks related to death, dying and/or bereavement ('Sadmin'), which can feel upsetting to manage. Marie Curie's 'Make sadmin simple' campaign aims to help those struggling with these tasks at a vulnerable time, but planning ahead could help enormously.

A gift for our loved ones

It is not just about us – it is about our loved ones too. By planning ahead and thinking about our care and wishes ahead of time, we can:

- Empower and lower the burden on our loved ones to make decisions on our



behalf, when we are not well enough to do so.

- Provide comfort by knowing they are honouring our wishes.
- Make it as easy as possible for them to deal with practical and administrative aspects of our death.
- Minimise their levels of anxiety, stress, guilt, and regret at the most difficult of times.
- Enable them to celebrate our life and legacy and continue to cherish our memory too.

Planning for life

There may be things you want to see, do, or express before you die. Some people want to revisit friends, past experiences, significant places, or even look at old photographs. Creating this unity and identity around your life and talking about death is about planning for life, helping us make the most of the time that we have.



Benefits to charitable giving

Charitable giving has been proven to improve the overall well-being of the giver themselves, by means of developing empathy, widening your perspective on the world, and offering a meaningful purpose to life.

There are other advantages in supporting charities, for example, gifts in wills are completely free from inheritance tax and can offer a potential significant reduction of the inheritance tax rate on your estate, depending on how much you leave to a charity.

Philanthropic gifts can also reduce the taxable value of your estate. This means your legacy can have a deeper, more lasting impact supporting the causes you believe in, while also providing financial benefit for those you leave behind.

Thinking about your future care

Most people don't think about their future care until they need it. But it is never too early to start thinking about what your preferences might be.

This process is sometimes referred to as advance care planning and includes any decisions you make about your future care. This might be:

- How you would like to be looked after.
- Where you would like to be looked after.
- Any treatments you don't want to have - sometimes called an advance decision to refuse treatment (ADRT).
- Any spiritual or religious beliefs you would like to be considered.
- Who your doctors or nurses should talk to if you do not have capacity to make decisions.
- The details of the person you have appointed to make decisions on your

behalf if you are unable to make them (your Lasting Power of Attorney).

- How you would like practical matters to be dealt with, such as the care of a pet.
- What you would like to happen to your body after you die.

More details about this planning can be found on the Marie Curie website.

Whatever stage you are at in your life, planning ahead can ensure that other people know what you want and make it more likely that your wishes will be followed in the future. But perhaps most important of all, it will make it as easy as possible for your family or friends. At an emotional and difficult time, it could be one of the greatest gifts you leave them.



Most people don't think about their future care until they need it. But it is never too early to start thinking about what your preferences might be

If you or someone you know is, or has been affected by terminal illness, Marie Curie is here to help on 0800 090 2309, or at mariecurie.org.uk

[1] Marie Curie Measuring Need for Palliative Care report February 2026.

[2] Public attitudes to death dying and bereavement in the UK revisited 2023. Marie Curie.



Is your giving future-proof? How AI could change what works in philanthropy



By Clare Wilkins
Founder of Ampersand
Philanthropy

Some interventions will become more effective, others less so – here's how to think about it.



Many of the philanthropists and funders I work with choose their funding priorities based on a blend of what is meaningful to them and where need is greatest. Although interests and values might differ between individuals and families, the landscape of areas needing support has remained – broadly – stable over the last few years. Even during the Covid-19 pandemic, we did not see the underlying needs map get fundamentally redrawn.

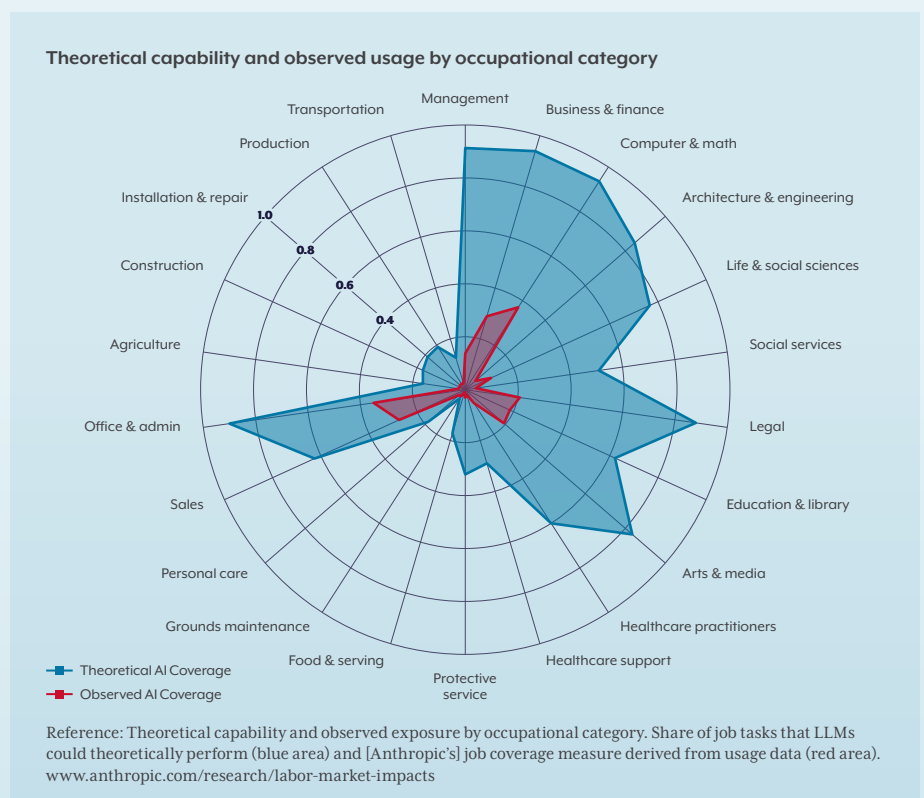
AI is transforming all of that, and an astute philanthropist or funder will now be thinking about building greater flexibility into their grant-making plans. A five-year strategy might seem appealing, but a half-decade time horizon is now far too long; the world could change entirely in a period of just two years.

Unemployment will increase – but not across all sectors

Anyone that tells you they can predict the future of AI is almost certainly fibbing. That said, it is possible to set out some reasonable projections for the near term.

Let's start with knowledge worker jobs. Anthropic's Chief Executive warned in May 2025 that half of entry-level white-collar roles could be gone within five years, with unemployment potentially reaching 10%–20%. A recent study by the Massachusetts Institute of Technology gives chilling credence to this, finding that AI could already replace 11.7% of the US labour market, or as much as \$1.2tn in wages.

The hollowing out of the middle class – the 'barbell economy' where growth concentrates at the high and low ends of the wage spectrum – is no longer a distant hypothesis. Charities and funders will both need to start responding to needs created by growing unemployment and underemployment. This means targeting issues like poverty, debt, mental health and homelessness, to name just a few.



But the picture isn't bleak across the board. Anthropic's labour market research maps theoretical AI capability against actual usage across different professions. What's striking is that some sectors look almost untouched by AI developments. Trade and interpersonal roles seem to be lower risk, as are bespoke services, care work and quality hospitality. For some things, people still need and want people.



... half of entry-level white-collar roles could be gone within five years, with unemployment potentially reaching 10%–20%

Where AI progress can magnify the impact of your giving

The economics might be gloomy, but AI is having a positive impact in some areas. Wellcome's research shows that AI-driven drug research and development from discovery through to preclinical stage could achieve time and cost savings of up to 25%–50%. It's likely we're about to enter a period where funding for medical research goes further than it ever has before.

Alongside this, there are good news stories in conservation. Projects like those of Rainforest Connection use AI to analyse acoustic data from sensors in the Amazon, detecting chainsaws in real time and alerting rangers to illegal logging. For philanthropists, AI can mean moving from retrospective reporting to real-time analysis and protection.

AI-preparedness work also looks promising. This includes programmes building financial resilience, developing skills in fields less exposed to automation, or preparing people for a different kind of economy. Alongside this, influencing AI governance and safety is vital: organisations like the Ada Lovelace Institute and the Centre for AI Safety are trying to shape the rules while there is still time to do so.

AI will create uncertainty and new pressures

Employment-focused interventions are likely to face real challenges. Job training programmes and employability services do important work, but the honest question in this space is whether the roles people are being trained for will still exist. Organisations in this field should be reviewing their work and building in genuine adaptability, or they risk preparing people for jobs that may no longer be there.

Some service delivery models will also face pressure – not because the need disappears, but because AI will start doing parts of the work faster and cheaper. CV writing support, benefits navigation, legal template services and information and referral functions are all

areas that could see heavy AI adoption. The risk for funders now is in celebrating efficiency gains without understanding what has changed: the relational knowledge and hard-won expertise that make these services genuinely useful can't be easily replicated by AI tools.

So, what can funders do?

A good place to start would be to review your giving with AI disruption as an explicit lens. For each cause area, ask: Will this intervention still work? Does this issue become more or less tractable if AI development continues at its current pace? Does that mean the need is growing or shrinking – and does that change how I should fund it?

If an area is becoming more tractable, it might be that it still needs funding, but you might recalibrate the expected impact of your donation. Conversely, if it's becoming harder to tackle, that might be a signal that the approach requires fresh thinking or more resources, not that funding should stop.

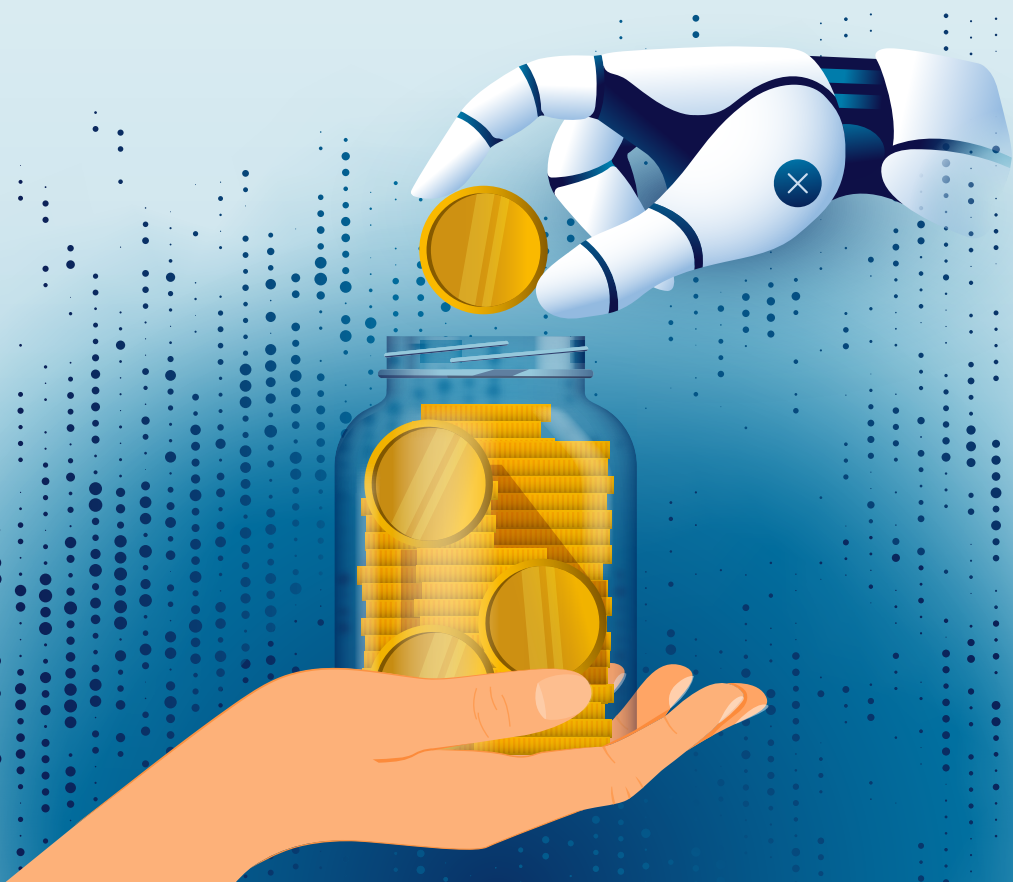
Secondly, talk to your grantees carefully about AI. Ask how it is affecting their work, their team, and their ability to deliver. Be alert to both genuine efficiencies and what might be quietly going missing.

Finally, make sure you are embracing best practice with your grant-making. The US's Trust-Based Philanthropy Project provides a valuable guide for this: giving organisations multi-year unrestricted funding and the room to adapt would be the best place to start. In the UK, IVAR's open and trusting grant-making work builds practical evidence on what this looks like in practice.

The donors best placed to do good over the next decade are those who take seriously both what is happening in their chosen cause area, and what that means for the way they fund. We don't know exactly what an AI future holds. But we know enough to start asking better questions now – and to do so regularly, not just at the next strategy review.

About Clare

Clare Wilkins is the founder of Ampersand Philanthropy, a strategic philanthropy consultancy working with wealthy individuals, families, and the professionals who advise them. She helps clients give with greater clarity, impact and confidence.



When crises multiply, how do we respond?



By Grace Nalty
Philanthropy Lead,
British Red Cross

As disasters multiply and funding models come under pressure, a new approach to collective giving is helping donors cut through uncertainty and deliver impact where it matters most.

At February's Humanitarian Finance Summit, British Red Cross Chief Executive Beatrice Butsana-Sita joined leaders from across the sector to explore a pressing question that sits at the heart of global humanitarian action: how can we continue to respond effectively when traditional funding models are under more strain than ever?

Reflecting on the panel, Beatrice shared a message that resonated across the room:



Traditional humanitarian funding is under significant pressure ... Innovative finance has real potential, but it is not a complete solution, it must exist alongside an evolution within established funding streams. Above all, it requires greater curiosity and trust between humanitarian actors and donors. We need to focus on meaningful impact

The question of impact, and how to achieve it in a world facing compounding crises is one we hear repeatedly from philanthropists, advisers and partners across the UK.

Today, over 300 million people require humanitarian support. By 2030, the world is expecting to experience 560 disasters each year – more than 1.5 disasters every day. Against such a backdrop, many donors and advisers tell us they feel overwhelmed by both the frequency and the scale of need.

This tension came particularly clear in late 2023. In the midst of a global polycrisis, the British Red Cross launched three emergency appeals within just four

weeks – responding to the escalation of violence in Gaza and the wider region, flooding in Libya and the earthquake in Morocco – all while continuing to support people's long-term recovery after the Türkiye/Syria earthquakes and ongoing needs in Ukraine.

Many donors told us they were unsure where their support could have the greatest impact. Others felt frustrated, exhausted or powerless – and in some cases, disengaged. This donor fatigue is understandable, but it has real consequences. It risks constraining our collective ability to respond at a time when needs are accelerating.

A strategic solution: The British Red Cross Disaster Fund

To help philanthropists cut through the uncertainty and maximise their impact, we created a new model: The Disaster Fund.

A single, strategic humanitarian fund where donors pool resources so we can respond as soon as crisis hits – anywhere in the world.

This approach means:

Reduced decision-making burden
Philanthropists who care about humanitarian action can make one single commitment each year with the knowledge that their donation will reach people in crisis, reducing donor-fatigue and taking the pressure off tough decisions about when and what to support.

Deeper insight for donors
We provide bespoke reporting on crises around the world, so supporters see the full breadth of their impact and hear people's stories first-hand.

Faster action
We release funds immediately, often before an appeal could be launched – reaching people in the most critical early hours. We also help communities prepare

and reduce the risk they face, even before disasters strike.

Impact where the need is greatest

Many crises never reach the headlines and others fade as the years tick by. Whether the world is watching or not, the Disaster Fund reaches those who need it most, for as long as they need it.

Support across the full crisis lifecycle

Donations enable us to be there at every stage of a disaster – enabling philanthropists to know they are leaving communities stronger than before.

- **Preparedness** – early warning systems, training, risk reduction.
- **Response** – emergency shelter, health, protection, cash, food and water.
- **Recovery** – rebuilding livelihoods and long-term resilience.

In 2025, we distributed £3.5mn and reached over half a million people across countries like Sudan, Jamaica, Myanmar and Afghanistan.

A new way forward for philanthropy in a time of permanent polycrisis

The humanitarian sector is at a turning point - facing increasing needs and less funding. As Beatrice noted, we must adapt, build trust and a focus on genuine impact.

The Disaster Fund is one way we are helping philanthropists navigate a world in constant crisis, enabling them to act with confidence and compassion.

Contact our dedicated Philanthropy Team at philanthropy@redcross.org.uk.

Philanthropy's fastest-growing giving model: donor-advised funds explained



By Anna Josse
CEO & Co Founder,
Prism the Gift Fund

When clients hit a financial milestone or the end of the tax year is approaching, conversations can turn to giving and legacies. Understanding the power of a donor advised fund (DAF) will stand you in good stead.

Philanthropy has the ability to create real meaning for clients and for the causes they care about. However with increasingly tighter regulation and growing legal responsibilities, giving responsibly has become more complex.

For many clients looking to structure their giving, DAFs have emerged as a swift, tax-efficient and trusted solution to navigating this landscape.

Markets on the rise

DAFs are already well established in the US with \$326bn in assets and \$64.9bn granted to charities in 2024 alone, according to the DAFRC Annual DAF Report. The UK market, while smaller, is growing at an annual rate of 13.2% and following a similar trend.

What is a donor advised fund?

A DAF offers donors an alternative to setting up their own standalone foundation and allows them to gift assets – usually cash, shares and property, all of which come with UK tax benefits;

- Donors can make contributions to the DAF at any time and claim related charitable tax relief.
- Donors can invest funds with their chosen investment firm so the charitable pot can continue to grow.
- The DAF provider oversees the compliance, governance, due diligence and financial administration.
- The donor can focus on the joy of giving.

The value of DAFs is becoming increasingly recognised. For clients

who want to give significant amounts over a number of years – without the administrative burden of establishing a charity – they are hugely appealing.

Making tax-effective giving simpler

There are well-established tax incentives for charitable giving – whether through cash, shares, property, cryptocurrency or art.

- Gifts of cash can benefit from Gift Aid, meaning the donation amount can increase by 25% at no extra cost to the donor. In turn, if the donor is an additional tax rate payer, they may be eligible to claim a further 25% on the gross donation in their tax return.
- Gifts of shares are free of capital gains tax, and eligible donors can then claim back the relevant income tax relief.
- When it comes to legacy planning, leaving at least 10% of an estate to charity can reduce the rate of inheritance tax on the remainder from 40% to 36%.

A DAF can accept all of these asset types, helping donors manage complexity while focusing on the causes they care about. For those who have recently experienced a significant liquidity event – such as a business sale or inheritance – a DAF can provide both a powerful long-term giving structure and meaningful tax efficiency.

Giving globally, with confidence

Philanthropy is increasingly international. Families are more mobile, charities operate across borders, and donors often

want to support causes beyond the UK. Specialist DAF structures – including those designed for individuals with tax exposure in both the UK and the US – make it possible to give across different countries simply and compliantly.

Engaging the next generation

Many families also want younger members to feel involved in giving decisions, rather than simply inheriting a legacy. Shared giving is becoming more common – often operating as collective funds within a DAF structure. Even where families already have their own foundations, a DAF can provide a practical way to involve the next generation.

Conversations about philanthropy build trust

Philanthropy used to be seen as something to be dealt with separately from wealth management; this is no longer the case. Client wealth decisions are increasingly led by the desire to create meaning and define their legacy, not just financial performance.

About Prism

At Prism we work alongside advisors to support their clients philanthropic giving. Contact us to discuss how a DAF could support you.

Elena Camilla Myers

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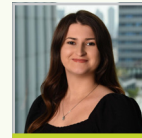
E: Elena@PrismtheGiftFund.co.uk



DAFs are already well established in the US with \$326bn in assets and \$64.9bn granted to charities in 2024 alone



Peace of mind: ongoing discretionary investment management for charities



By **Emily Horwood**
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Charities across the UK and beyond are navigating a turbulent financial landscape. With economic pressures mounting and public services stretched thin, non-profit organisations are being asked to do more with less. From declining donations to rising operational costs, the sector is facing a perfect storm of challenges that threaten its sustainability. The need for a robust and adaptable investment strategy has never been greater.

Ongoing discretionary investment management offers a compelling solution, providing professional oversight, ethical alignment and the flexibility to support both day-to-day operations and the long-term goals of charities.

Donations and income: a shrinking pool

One of the most pressing issues is the cost-of-living crisis, which continues to impact household budgets. Charitable giving is often one of the first expenses to be cut. This has led to a drop in one-off donations and reduced regular giving. According to the Charities Aid Foundation UK Giving Report 2025, the main reason

provided for not donating to charity was affordability. Meanwhile, government funding is becoming increasingly scarce.

Adding to the complexity, donor expectations are evolving. Supporters now demand greater transparency, impact reporting, and digital engagement. Charities that fail to meet these expectations risk losing their donor base.

Expenditure: rising costs and growing demands

Charities are contending with rising operational costs. Inflation affects everything from rent and utilities to staff salaries and supplies, making it more expensive to deliver their services. Staffing pressures are another concern. Recruiting and retaining skilled professionals is increasingly difficult, as charities compete with the private sector for talent.

To remain relevant and effective, many charities are investing in digital upgrades, from online fundraising platforms to customer relationship management (CRM) systems and cybersecurity. While essential, these upgrades come with significant costs that smaller organisations may struggle to absorb.

Perhaps most critically, charities are facing increased demand for services. As public services are stretched, non-profits are stepping in to fill the gaps, particularly in areas like food poverty, mental health, and housing.

A sector under pressure

Charities are being squeezed from both ends: income is falling or stagnating, expenditure is rising, and demand for services is increasing. Discretionary investment management may not solve the wider income and expenditure issues for charities. However, it does help to reduce volatility and stabilise income streams, giving them peace of mind that they can continue to meet their short- and long-term goals.

Understanding discretionary investment management

Discretionary investment management refers to a service where professional investment managers make investment decisions on behalf of the charity, within guidelines agreed by the trustees and in line with their Charity Investment Policy. The investment manager creates a portfolio tailored to the charity's objectives, risk appetite and ethical criteria. They reassess the portfolio on a regular basis, making sure that it remains suitable for the charity, whilst taking into consideration market movements and trends.

Unlike advisory services, where trustees must approve each transaction, discretionary management allows for timely, informed decisions which can be crucial in volatile markets and for charities who may have limited internal financial expertise.

Alignment with Charity Commission guidance

The Charity Commission's guidance (CC14) outlines trustees' responsibilities



when investing in charity funds. Trustees must act in the best interests of the charity, make informed decisions, and ensure investments support the charity's purposes. Discretionary investment management supports these duties by:

- Ensuring decisions are made by qualified professionals.
- Providing regular reporting and transparency.
- Aligning investment strategies with the charity's mission, financial needs and governing documents.

Benefits of ongoing discretionary management

1. Bespoke portfolio construction

Investment managers work closely with trustees to understand the charity's goals, whether it's income generation, capital preservation, growth, or a balance of all three. Portfolios are constructed to reflect:

- Liquidity needs for ongoing expenses.
- Time horizons for future projects.
- Risk tolerance and ethical constraints.

Investment managers can take into consideration a charity's ethical requirements. Ethical investing is becoming increasingly central to how charities manage their funds; it involves selecting investments that meet environmental, social, and governance (ESG) criteria, while avoiding sectors or companies that conflict with the charity's purpose. Ethical investing is no longer a niche concern; it can be a central pillar to demonstrating a charity's values and for public accountability.



This bespoke approach ensures that investments are not only suitable, but also strategically aligned with the charity's evolving needs.

2. Cash flow management



As discussed, charities often face irregular income streams and unpredictable expenses. Discretionary investment managers can help smooth cash flow by generating income through dividends and interest whilst also planning for larger capital expenditures. That said, any income from investments is variable and not guaranteed.

This proactive approach helps charities avoid shortfalls and plan for their future.

3. Governance and reporting

Trustees have the responsibility of making informed investment decisions on behalf of the charity. However outsourcing this to professional investment managers provides expert oversight, reduces administrative burden and ensures that investment strategies are executed efficiently, in alignment with the charity's objectives. Charles Stanley provides detailed investment reports and conducts regular meetings and reviews with the trustees. This supports good governance and ensures trustees can demonstrate compliance with their internal policy documents.



4. Risk management and diversification

Discretionary investment managers apply rigorous risk management techniques, including:

- Diversification across asset classes and geographies.
- Monitoring economic and market risks, adjusting portfolios in response to changing conditions.
- Responding quickly to market changes.
- Adjusting strategies in line with new funding or policy developments.

These measures help protect the charity's assets and ensure resilience in uncertain times.

Supporting the charity's mission



Ultimately, the goal of investment management is to support the charity's mission. Whether funding community programmes, maintaining facilities, or providing services, a well-managed investment portfolio provides the financial foundation for real impact.

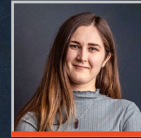
Discretionary management allows trustees to focus on governance and strategy, while professionals handle the complexities of the market. It's a partnership that enhances financial stewardship and empowers charities to do more.

Conclusion: a strategic investment in stability and impact

For UK charities navigating financial uncertainty, regulatory obligations, and ethical expectations, ongoing discretionary investment management offers a strategic advantage.

By partnering with a trusted discretionary manager, charities can ensure their investments are mission-driven, supporting their purpose today and helping to secure their legacy for tomorrow.

Iran war – A case study for the economic imperative of ESG



By Paris Jordan
Head of Responsible Investment
Charles Stanley



For years, environmental, social and governance (ESG) considerations have been framed – sometimes derisively – as an ethical overlay on financial decision making. To critics, ESG has too often been caricatured as “virtue investing”, a well-meaning but optional add on. But the global reverberations from the Iran crisis have forced a necessary reframing. It’s a vivid demonstration that environmental pressures, resource vulnerabilities and system-level shocks are inseparable from macroeconomic stability.

The central point is increasingly difficult to ignore: ESG risks are economic risks.

They’re not theoretical. They’re not abstract future problems. And they’re not confined to specialist sustainability debates. They’re visible now in inflation dynamics, supply-chain fragility, commodity price volatility and the day-to-day operational realities facing companies.

When instability in a single region can influence inflation expectations, reprice risk, alter capital allocation and reshape earnings expectations across sectors, the distinction between “virtuous” and “financial” sustainability begins to break down. The Iran crisis illustrates that energy dependence, water stress, and food-system fragility are not peripheral environmental concerns. They’re central to the functioning of modern economies.

This is the true lesson: ESG isn’t a parallel value system sitting beside economics.

It’s part of the architecture of long-term resilience. The Iran crisis merely amplifies what has been building for years: the risks we once considered “non-financial” have become systemic financial risks.



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The deeper issue is not price, but fragility

Public debate often focuses on visible indicators such as pump prices or the level of Brent crude. Those matter, but they are symptoms rather than the core issue. The deeper problem is structural fragility.

Energy systems reliant on fossil fuels are inherently brittle with fossil-fuel-based energy systems relying on inputs that are geographically concentrated, physically transport-dependent and politically exposed. When one narrow shipping route can influence global inflation, the case for reducing fossil-fuel dependence becomes a matter of national resilience, not environmental aspiration.

That’s one of the clearest economic messages of the Iran crisis: a world economy still heavily reliant on fragile

fossil-fuel supply chains which remains vulnerable to geopolitical disruption in ways that are both financially and socially consequential.

Food – fertilisers, freight and the agricultural domino effect

Food systems are often discussed through the lens of land use, emissions or biodiversity. Those issues matter. But the Iran crisis has highlighted two other important realities:

- 1). Food production is deeply linked to energy markets.
- 2). Fertiliser markets are reliant on a small number of key exporters.

Energy prices and input availability drive fertiliser prices – and fertiliser prices shape food prices

Nitrogen fertilisers, which underpin modern agricultural productivity, are produced largely using natural gas. This means that as much as 60% of fertiliser production costs come from energy inputs. Therefore, when gas prices rise, fertiliser prices tend to rise with them, and then food prices often follow.

Further, nitrogen (urea), phosphate and potash markets share a familiar feature with oil and gas as production and trade are concentrated in a limited number of regions and routes. When disruption affects the Strait of Hormuz, it isn’t only



Liquefied Natural Gas (LNG) cargoes that are at risk as fertiliser inputs are swept into the same vortex of uncertainty.

Today, the Iran crisis has triggered concerns that the increased volatility in gas markets will push fertiliser prices higher, that the rising input costs are placing renewed pressure on farm economics across the UK and Europe, that shipments of fertiliser inputs through the Strait of Hormuz face an added risk of disruption and subsequently add further costs.

For farmers, the responses to these elevated input costs are limited. They can only undertake the following actions:

- reduce fertiliser use and risk lower yields.
- shift to less input-intensive crops disrupting crop cycles and supply expectations.
- absorb the cost and accept tighter margins.
- pass the cost through the supply chain, raising prices for consumers.

Each path carries economic consequences somewhere in the supply chain and no approach is cost-free.

Why innovation in fertiliser now looks strategic, not merely green

As a result, the current crisis is also strengthening the case for alternatives

to conventional fertiliser systems, including green ammonia produced using renewable hydrogen, nutrient recycling and other circular-input models, precision agriculture technologies that improve the efficiency of fertiliser application, and soil-health practices that reduce reliance on synthetic inputs.

These are not simply environmental preferences. They are increasingly relevant options as risk-mitigation tools and economic hedges against fossil fuel volatility and input availability issues. Just as renewable energy investment surged after 2022, investment in fertiliser innovation is increasingly justified less by environmental goals and more by supply chain risk mitigation.



The Iran crisis shows that any ESG analysis that omits the food-energy nexus is incomplete. Food inflation does not begin in the supermarket. It begins further

upstream in gas fields, shipping lanes and fertiliser plants. Any investment analysis that fails to consider these considerations is overlooking material economic risks.



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The environmental transition is the economic transition

The Iranian conflict has again revealed that environmental and geopolitical risks cannot be separated. Energy insecurity can feed inflation, water insecurity can disrupt both households and industry, and fertiliser disruption can raise food costs. Each shock feeds into another, propagating risk through the global financial system.

That is why ESG should not be treated or considered as an ethical framework or a peripheral screen within investment analysis. ESG is first and foremost a framework for understanding, identifying and assessing risk. It's a valuable tool for understanding system-level financially material vulnerabilities.

Introducing our Charity of the Year

We're pleased to announce that our new Charity of the Year is Saving Faces, championed by Tanya Del Federico, Deputy Head of Strategic Partnerships at Charles Stanley.



As our Charity of the Year, Saving Faces will be at the heart of our fundraising activity. Tanya will lead the partnership, helping us collaborate with the charity and maximise the support we can offer throughout the year.

About Saving Faces

Saving Faces is the UK's only national research charity dedicated to improving outcomes for people affected by facial and oral cancer, serious facial injury and facial disfigurement. These conditions can profoundly impact identity, communication and wellbeing.

The charity leads research through the National Facial, Oral and Oculoplastic Research Centre, working to drive early diagnosis, improve surgical care and influence NHS standards - filling a gap not covered by NHS treatment funding.



Their work has already shaped global clinical guidelines and improved survival rates. Saving Faces is now raising funds to establish a new professorship in clinical trials in oral cancer to accelerate future breakthroughs.

Why Saving Faces matters to me



Tanya Del Federico shares why she chose to nominate Saving Faces as Charity of the Year.

Our face is how we communicate, express emotion and connect with others. When facial disease or injury occurs, the impact goes far beyond physical health – affecting speech, eating, confidence, identity and



dignity. Despite this, facial disease and injury remain among the most under-researched and under-funded areas of medicine. Saving Faces exists to close that gap.

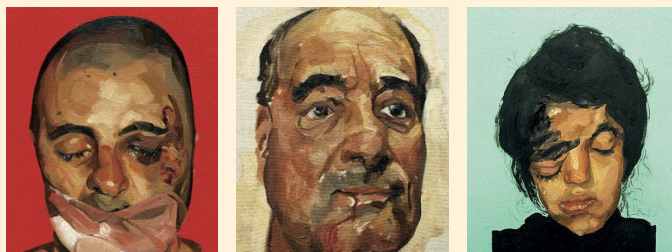
The charity spearheads national clinical trials, early detection programmes and reconstructive surgery research that the NHS relies on but cannot fund. Its work

continues to save lives, restore function and rebuild identity for patients and families facing some of the most challenging diagnoses imaginable.

For me, this cause is deeply personal.

In early 2025, my brother, a consultant head and neck cancer surgeon himself, was diagnosed with mouth cancer. Overnight, he went from treating patients to becoming one.

For years, he had been involved in major clinical research, including the SEND trial – a landmark study that proved early neck dissection saves lives in mouth cancer patients. Like many surgeons, he led and contributed to the research without ever imagining that one day he would rely on that very evidence to survive.



What began as a small tongue lesion progressed rapidly. Within weeks, he faced a long and complex operation, a neck dissection, a radial forearm free-flap reconstruction to rebuild his tongue, and radical radiotherapy. The treatment that saved his life was built on the research, surgical techniques and clinical trials spearheaded by Saving Faces.

Seeing someone so close to you go through that experience changes your perspective completely. It brings home just how life-altering oral and facial cancer can be – not only physically, but emotionally and psychologically as well.

That's why this charity means so much to me. Saving Faces exists to drive the research, early detection and surgical advances that save lives and help people rebuild them afterwards.

Over the coming months, we'll be sharing ways for everyone across the firm to get involved, whether through fundraising events or simply learning more about the charity's work. Every bit of support helps drive the breakthroughs that make stories like that of my brother possible.



DATA FOCUS

UK giving continues to change

The UK Giving Report 2026 from the Charities Aid Foundation (CAF) noted that generosity had become increasingly fragile over the past ten years.

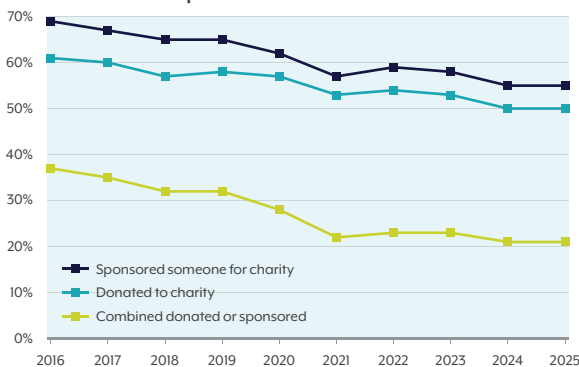


The reports key findings were:

6 million

Fewer donor over the last ten years

Proportion of population (16+) who donated or sponsored someone in the past 12 months

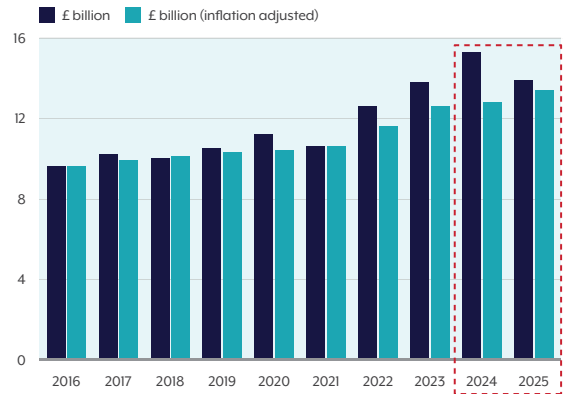


£12.4bn

The cost to charities over the last ten years due to loss of donors.

Giving has broadly kept up with inflation because, although fewer people give, average amount given by those who donate has increased over time.

Total amount donated each year (in £ billions)

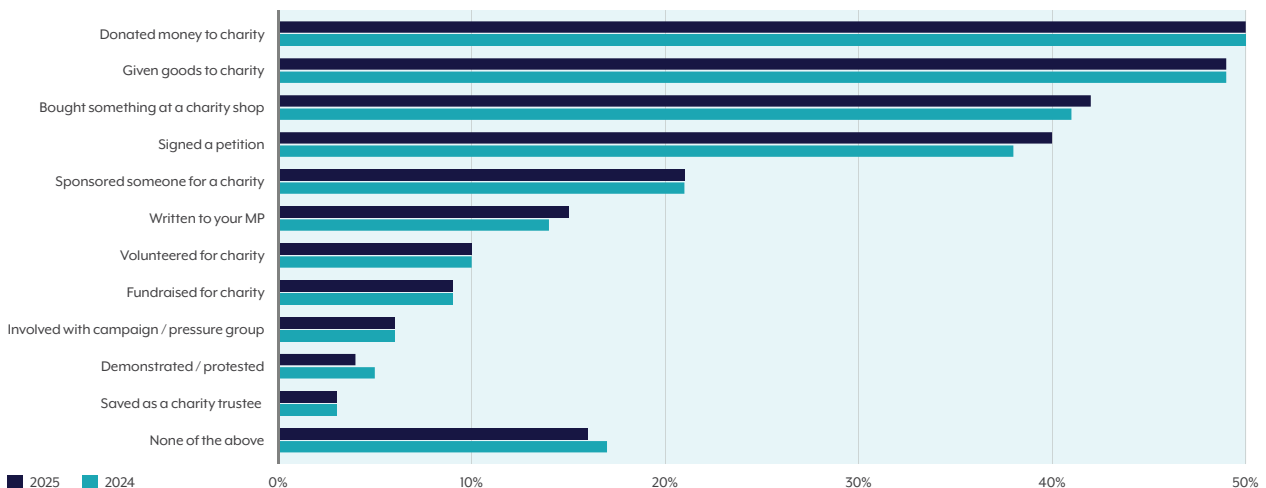


Since 2024, we asked respondents to report their charitable giving in a new way, which likely led to more accurate respondent recall of their donation behaviour over the past month. This is probably the cause for the uplift seen in 2024.

Base: All donors per year, c. 4,000 per annum. Calculations were made using the Bank of England inflation calculator



Proportion of people who engaged in charities or civic duties in the past 12 months



Base: All respondents. 2025: 12,913. 2024: 13,459.

Help shape the future of InFocus



InFocus is taking a short summer break.

But before we go, we'd love your feedback.

Please take our short survey (it'll take less than two minutes) to tell us what you value most about the magazine, which topics you want more of, and how you'd prefer to receive *InFocus* in future.

Your feedback will directly shape future issues.

We really appreciate your time and thoughts.

Scan the QR code
to have your say.



**CHARLES
STANLEY**▲
Wealth Managers