

Minutes of the meeting of Trustees of Bailies of Bennachie in person on the 27th February, 2024.

In Attendance, Trustees: Alan Henderson (AH), Willie Linklater (WL), Peter Stock (PS), Allan Will (AW).

In Attendance, non-Trustee: Stella Gauld

ITEM	DESCRIPTION	RESP/ ACTIONER
1 Apologies	Apologies were received from David Caney (DC), David Bale (DB), Alex Doig (AD)	
2. Minutes	The minutes of 16 th January were accepted and approved.	
	<p>Rathbones Presentation – Euan MacDonald</p> <p>Precis of chat, full recording on Teams (in Rathbones folder in Trustees General Teams, slightly quiet recording). There are some documents to go with the presentation, only hard copy in meeting. To be sent on.</p> <p>“Market been volatile since we started investing with Rathbones. Interest hikes have been bad for asset prices, conflict in Ukraine, energy market going wild. Markets been nervous since we invested in July 2022, looking back Rathbones should have been more aggressive with the investing and not drip fed the monies, Rathbones take responsibility for this, although BoB were aware of the plan as we were in agreement when discussed with Fiona in June 2022.</p> <p>A lot of assets became unattractive and uninvestable due to higher interest rates. Exposed investment in renewable assets, property and infrastructure. Liz Truss budget plan in September 2022 then torpedoed this, and 7% drop. The chosen bonds do not work efficiently in a high interest marketplace. So over time, the fund is effectively flat after recovering over last 6 months as now more normal environment. Future lower interest rates will take pressure off the infrastructure and renewable investments so want to keep these as they should rebound when rates fall. They return income of 6%.</p> <p>The assets are interest rate sensitive. LXI is UK Property company, owning Aldi & Lidl stores, lot of value in assets. Warehouse Group is big portfolio of warehouses and logistics. Home rate is on residential property. Hypnosis is niche, income directly related to music rights.</p> <p>Standard Rathbone companies are market leaders with in general growing dividend, for example</p> <p>OTIS –elevators</p> <p>Amazon</p> <p>JP Morgan</p> <p>Siemens</p>	

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	<p>Question - How many companies are BoB investing in, A - prob about 40. 70% of funds are invested in companies (on second page).</p> <p>14% of fund is invested in UK gov bonds and cash. Example, 4.25% of interest, until 2032, so return locked in. Will do well in market turmoil. Equities performing quite well, diversifying assets are infrastructure properties, also gold.</p> <p>Question - When do you decide when to intervene in the funds. Analysts come back once a quarter based on results being reported, and this can change their view. In USA, 26% up but due to 7 large companies. Try not to take knee jerk reactions, buying into a management team and into the market they know.</p> <p>Question - £300k investments were sold in 2023 is this typical? Generally expect 10-15% turnover of companies. It was noted that we had direct investments in BP and Shell and indirect in Chevron via Berkshire Hathaway. Ethics of fund: Rathbones does a lot of work in investigating companies, good social scores and do no harm, strong corporate governance. Enron as example of bad corporate governance. Portfolio is given summary score on P1, rating is A, A is deemed good, AA is excellent, AAA is not really a reality. On document called Responsible Investment is bottom left corner. Euan explained why we are investing in some companies that could appear poor: BB is showing worst for Berkshire Hathaway, but ironically is one of the best companies. Huge equity portfolio, large mix of cross industry, gets low score as Warren Buffet is the primary decision maker so poor corporate governance. Booz Allen Hamilton is cyber company (prof espionage), stock was up 14% in a dangerous world. US govt is their largest client. Rating poor due to limited clients. Amazon doesn't score well with how they treat staff. CME is world's leading derivatives market leader but uses a lot of power. None of these companies are polluters, no negative concerns from Rathbones on these.</p> <p>Rathbones invest using their own research, but when reporting they use a 3rd party.</p> <p>Diagio is in top 3, great business and franchises, however may be a no to certain charities connected with alcoholism issues.</p> <p>Next page, Carbon Intensity, show that the largest oil companies are showing intensity of scope of the business, downstream. As example, 1/5 of power usage in Ireland is data centre usage.</p> <p>Separate debate on where the BoB want to be with oil companies. This is on average represents 17% of the global market, standard charity</p>	

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	<p>Rathbones is less at 13%, BoB far less. . Focus is on owning great companies,. Market moving in 20th century company had a heavy focus in oil and gas and manufacturing while in the 21st century move towards platforms etc and tech companies. For example Rio Tinto or Shell have huge amount of fixed assets in refineries, but many tech companies just engineers and no fixed assets so are carbon light. , Some are real however some misleading such as Tesla it shown as carbon light, but behind the scenes it is carbon intensive to get there as lot of metals need to be mined- so we don't invest in them.</p> <p>Only other thing on ethics, is P3 of document, UN sustainable future, designed for countries, and now subsumed into reporting. Top 5 alignments, within the companies in which Rathbones are invested.</p> <p>Question on whether to invest in green companies or non-green. A – traditionally, Rathbones are very green at cutting edge using investments, e.g. hydrogen cell, but generally not hugely profitable, invest in established business with more track record. Will only invest very small % in these as the aim is to make a return, green companies not profitable in general.</p> <p>Stevens is a good company, as example, with huge conglomerate, cleaned up company, sold off heavy engineering, even renewables, systems now working on energy efficiency inc factory efficiency. Fiona mentioned that Rathbones worked towards assisting companies to be more green, rather than one that is already there. Shell is on an internal battle, about going green, Shell committed £profit to energy transition, funding renewable assets. New chairman is winding back on promises, looking at US oil companies as their profitability is all time high. Modern slavery as successful, identified companies not adhering modern slavery practices and now most have changed practices.</p> <p>Sustainable Development 15, Life on Land, is now 0%. No quoted companies exist in this sector</p> <p>Businesses invest in assets like forestries, fire, biodiversity e.g. carbon offsetting and not being managed appropriately. Foresight is one of those themes, poor share performance. Buy the land, plant the forest and sell the carbon credits. If Foresight was not performing well, what would be their direction? Selling a premium, end up harvesting the wood and selling the land. It is too expensive for Rathbones to invest in and is mainly attractive as a venture capital tax offset at 40%, but not a charity asset.</p> <p>Euan mentioned that all Trustees need to be comfortable with the investments. Any further questions can be put to Rathbones and an online call can be made in the future. Banks are now suggesting that interest rates will come down in 2024 with, 2 or 3 cuts expected n the US and UK. Euan very much had the view that he is very comfortable with the portfolio, and the start of this was a blip. The earnings will compound</p>	

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	<p>and income will be seen.</p> <p>Trump administration? Will this be impact? A - Markets will be positive under Trump, and he hasn't got tax levers this time as reduced corporate rate of tax from 35% to 21% which was well received by companies. Higher tariffs could be seen particularly with China. Rathbones has no China involvement, but they reckon that it's on its knees and may crash. Levels of debts were 3 times higher in US when last crash. ASML with semi-conductors is important, as they currently prohibited from selling their best machines to China.</p> <p>Last year's performance was driven by 7 companies, needs to broaden out into the rest of the market.</p> <p>Question on portfolio performance, why it was behind the benchmark. A- the benchmark is biased to c60% US equities and Rathbones are not invested in all of the big tech companies that drove the market performance, 4 of the top 7 companies owned, but for example Tesla and Meta not owned That's reason Rathbones are behind. Peer group benchmark is doing better than Rathbones but we are catching up.</p> <p>Rathbones cash rates, 6 months is still 5.1% but was highest at 5.7%. Was previously getting 5% in bank account but now 2% at Virgin. Perhaps we could look at some of the cash is 3 months and 6 months is 5.13%, and 12 months is 5.1% for locking up.</p> <p>Charities have poorer interest rates at banks, generalising that move money around to get the best rates. Euan going to provide details- Alan to follow up.</p> <p>Summary – series of Key Performance Indicators, economies in recession, those indicators are showing up trend, starting to pick up, cause for a little more positivity.</p> <p>Can focus on performance, or responsible investments or economics.”</p>	
	<p>PATHS</p> <p>Niall from FLS hasn't yet responded regarding who will attend meeting from FLS, waiting on response. (PMN – meeting held 12/3/24)</p>	WL
	<p>Acceptance of previous minutes from 16th January accepted, once note changed of FB mentioned as members, should read followers. Change that word.</p>	SG
	<p>Matters Arising</p> <ul style="list-style-type: none"> • Aligning the business plan with where we are spending money, AH has new format, • expenditure against this year is not representative, nothing yet 	

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	<p>on volunteers day. 13 ph for the GHC for lunches,</p> <ul style="list-style-type: none"> only one first aid course held to date. – (PMN - poor feedback on trainer and new trainer being sought) Purchase of defibrillator, , Cash to move from bank account to achieve improved interest rate, could move £100k. PS and AH have signed accounts, £360 of donations should be shown and not netted off. All approved. Cost of PO Box, £396, could we use GHC instead? 	<p>AH</p> <p>AH</p> <p>SG</p>
	<ul style="list-style-type: none"> Should we change the constitution now for the Voice for the Hill aims at the AGM. WL thought the original aims still fit for purpose. Restating it will get questions from OSCAR. Decision to leave as is. 	
	<p>AGM presentation</p> <ul style="list-style-type: none"> Do we do a dry run?, week before. (PMN – Complete 14/3/24) Speaker is Veronica Llorente from RTS, AWi is on holiday next week, but will finalise arrangements on return. Speakers, AH, PS, Backdated subscription fee increase to be on agenda. CP and co printing 100 copies of Annual Report, but will have a proof copy first. Low res version was sent to PS, will forward. 	<p>AD</p> <p>PS</p>
	<ul style="list-style-type: none"> AWi reported on BLPG. Colin Shepherd has been preparing a book, editorial team at Oxbow have reviewed after the conference. They feel the contents are more regional, not national and wouldn't sell the hard copy as expected. They have applied a condition of 100 books of minimum order at £14.95. Exposure of £14.95 to buy 100 books, retail £29.99. Colin has committed to buying 10, GHC will take 5, Strachans may take some, and manage to sell 60 books to members. 13 will be FOC to conference contributors, remainder to sell. Sell on the website, some will be cost. And processing costs on top. Will look like a £30 book. In 2019, 300 books were bought at £10 each. Approved to purchase, max loss will be c.£600 if all goes wrong. AWi is confident of selling the books. Conference may miss a year. Lot of fascinating evidence results have come back. BLPG meeting was 26th Feb. Next meeting 20th May. The BLPG were not aware of the Information Boxes, and they 	

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	<p>should be informed. Bennapaedia is to be used for the content. Just run past the info with Colin Miller and Colin Shepherd. This is a pilot. If more needed on Commonty, request fuller information.</p>	
	<ul style="list-style-type: none"> Windfarms were not discussed with DB absent, cfwd. 	
	<p>Trustees</p> <ul style="list-style-type: none"> David Caney is showing interest in the Work Parties. Met with Hugh and Peter last week. Graham Ralph is a potential new trustee, retired from Forestry. He's involved with Huntly Developments, and rock climbing bothy near Aviemore. Left with him thinking about the position. PS has two other people in mind too (Elaine Bell & Mariri O'Conner) Four named positions still in the org chart though we are no longer trying to fit Trustees to slots 	
	<ul style="list-style-type: none"> IT position, Global web. Issues in publishing items to the web, with gremlins in it. Suggest Hire consultant for independent review. Commission audit. PS & WL to investigate Website and IT are separate. 	
	<ul style="list-style-type: none"> PS had the old Estee Farrar phone at the meeting. As no requirement for this phone now, agreed to donate to charity requiring technology for school kids in Zimbabwe, organised by Rev. Tose Shayamunda. Phone to Karen Noble to pass on. There is also a voice recorded. AW reminded that this was used to record the Oral History previously. May still be required. 	SG
	<ul style="list-style-type: none"> Meeting Closed 21.05 Next meeting 9th April 2024 	

Signed – Chair – Peter Stock
Date



Signed – Secretary – Willie Linklater
Date

