

2025 Investment Survey for Charities,  
Endowments and Foundations

# NAVIGATING UNCERTAINTY

Charities Team  
BNY Investments Newton  
March 2026

---

# CONTENTS

## Introduction

Welcome	3
About this research	4

## Executive summary

Navigating uncertainty	5
------------------------	---

## Section 1: Increased demand and uncertain tomorrows

Part 1: The major issues concerning charities	8
Part 2: Learning to live with instability	12

## Section 2: Diversifying and changing approaches - charity investments in 2025

Part 1: Investment returns and portfolio withdrawals	15
Part 2: Investment strategy	21
Part 3: Asset allocation	29

## Section 3: Responsible investing in a more uncertain world

Part 1: Responsible investment factors	33
Part 2: Exclusions	35
Part 3: Sustainability and governance metrics	39

## Appendix: More about the survey

Methodology and sample details	42
Glossary	46

# INTRODUCTION

For definitions of the investment-related terms included in this document, please refer to the glossary on page 46.

## WELCOME

BNY Investments Newton's Investment Survey for Charities, Endowments and Foundations, now in its 12th year, covers diverse topics within the management of charitable portfolios, and provides an industry benchmark to see how aligned your investment experience and intentions are with those of your peers.

As in each previous iteration, BNY Investments Newton has conducted a survey among leaders and decision-makers in the UK charity sector. Throughout this report, we will use 'charities' as a general term to refer to the full spectrum of the UK charitable sector including charities, endowments and foundations.

### The survey explores:

- the impact of major economic and geopolitical issues on UK charities
- the dissipation of the effects of the cost-of-living crisis on charities' internal operations, administration and fundraising abilities and long-term financial planning – but also its continued impacts on demand for services
- charity thinking and preparation around longer-term issues including cybersecurity, continued inflationary impacts, and political uncertainty both here in the UK and abroad
- the ways in which charities are adapting their investment strategies and expectations around investment returns in a time of continued instability and uncertainty
- changes to charities' asset allocation and the continued shift away from UK equities
- the changing nature of the sector's relationship with ethical exclusion policies, responsible investment factors and environmental, social and governance factors



This year's sample includes

**60 CHARITIES**

with a combined

**£41.9BN  
IN ASSETS**

## ABOUT THIS RESEARCH

### Navigating uncertainty: Diversification and divestment in a period of instability

The sample in this year's survey includes 60 charities with a combined £41.9 billion in assets. Fieldwork took place between 6 October and 3 December 2025, with a record date for data regarding annual investment performance of 31 March 2025. This has provided significant opportunities for this report to analyse differences in experience and outlook across the charitable ecosystem.

2025 marks a year in which the sector continues to move away from the direct impacts of the cost-of-living crisis (the severe economic impact of rapid inflation in 2022) on its internal operations, maintaining the trend seen in 2024 and marking a real shift in experience for organisations across the charitable ecosystem. Yet it is also a year in which broader concerns for both the present and the future – relating to sticky inflation, political instability, and economic uncertainty – are increasingly present. In this landscape, diversification and risk management are increasingly important to charities as they look to navigate both themselves and their investments through a period of relative uncertainty.

One aspect of the cost-of-living crisis has continued to affect charities in 2025: increased demand for services and support from beneficiaries. This impact is

often being felt most significantly by charities with larger volumes of assets under management. Charities appear better able to deal with the direct impacts of the continued cost-of-living crisis, but its impact on societal need has continued, or even risen, through 2025.

If charities appear well placed to handle this increase in demand, at least part of that relative confidence should be attributed to what has been another strong year for charity investments. Investment returns are down slightly on the strong showings seen in 2024, but that year's increase should largely be seen as an outlier, driven by rapid market recoveries after a period of poor performance. In the broader context of the last five years, returns in 2025 are still strongly positive and indicate a healthy charity investment sphere, especially in light of the volatility seen in

global markets at times through 2025. Importantly, the ability of investment returns to meet charitable needs has risen this year – indicating that, despite increasing beneficiary demand, returns remain viable.

That does not mean that charities are not looking to adapt their investment strategies in light of wider trends. Diversification of assets is a key trend through this report, aligning with wider concerns over risk management throughout the sector. This also applies to how charities have approached responsible investment in 2025. While net-zero alignment may be less of a priority, broader trends in responsible investment management and around ethical exclusions portray a sector still closely aligned with maximising societal benefit and minimising both reputational and financial risk.

The sections in this survey report focus on:

#### Increased demand and uncertain tomorrows

- The major issues concerning charities
- Learning to live with instability

#### Diversifying and changing approaches: charity investments in 2025

- Investment returns and portfolio withdrawals
- Investment strategy
- Asset allocation

#### Responsible investing in a more uncertain world

- Responsible investment factors
- Exclusions
- Sustainability and governance metrics

---

# NAVIGATING UNCERTAINTY

## Executive summary

This year's survey suggests the charity sector is finding a steadier footing and is adjusting to uncertainty.

While demand for services remains elevated, operational impacts from recent crises continue to ease, enabling charities to refocus on resilience and longer-term priorities. Investment practices are becoming more professionalised, with greater use of external managers, clearer target-setting, and broader benchmarking. Stronger portfolio performance is starting to translate into greater confidence and, for a meaningful minority, the ability to increase charitable spending.

# 65%

**of charities report an increase in demand for their services compared to the year prior.**

This is the highest level on record. This rise in demand is coming from across both new and current beneficiaries and is likely to be placing increased strain on the sector even as other impacts from the cost-of-living and inflationary crises have reduced.

# 80%

**of charities have reviewed their investment policy statement post CC14.**

Reviews of investment policy statements were on the rise in 2025 – and those reviews have increasingly been accompanied by changes to the policies themselves to align with non-financial factors within the Charity Commission's CC14 guidance.

# 47%

**of charities report cybersecurity and online threats as very concerning.**

This has risen from 39% in 2024. This is the most concerning issue facing charities this year according to the sample.

# 84%

**of charities agreed that investment returns have met the required level to meet their obligations and commitments.**

This is a strong indicator of investment performance in 2025, with 59% of charities surveyed experiencing total performance gains of between 3% and 9%. This is well above the levels seen in any year post the 2020 Covid-19 pandemic other than the outlier that was 2024.

# 78%

**of charities use a total-return target for their portfolios.**

Total-return targets remain the clear sector preference, with an income-only target or other methods far less prominent. However, 2025 has seen a slight decrease in the level targets as a percentage of portfolio values, falling closer to historical pre-pandemic averages at 6.1% from a record high of 7.9% in 2024.

# 19%

**of charities are considering increasing their portfolio withdrawal rate, versus 10% in 2024.**

58% of charities planning to make a change say they will do so in the next financial year, while another 26% are looking even further ahead.

# 66%

**of charities surveyed stated that their portfolios hold alternative investments.**

Alternative investments play a significant role in two-thirds of charities' portfolios as charities have looked to diversify their investments in the face of wider economic and geopolitical uncertainty, supported by pooled fund approaches that incorporate these assets.

# 72%

**of charities are influenced by investment managers with an integrated responsible investment approach.**

Those charities are almost all happy with the outcomes: 91% intend to keep using an investment manager with an integrated approach. We also see some interest among those charities not currently making use of an integrated approach, with 21% of those charities planning to do so in the future.

# 54%

**of charities surveyed have an ethical exclusion policy.**

This has fallen slightly since the previous year. Nevertheless, not all exclusion policies are the same, and this year has seen continued movement in the type of investments targeted by exclusion policies, with a rise in exclusions in pornography, tobacco and alcohol.



# 01 INCREASED DEMAND AND UNCERTAIN TOMORROWS

The major issues concerning charities

Learning to live with instability

## THE MAJOR ISSUES CONCERNING CHARITIES

In previous reports and through previous years charities have often been beset by immediate crises of one form or another, from the severe impacts on both beneficiary needs and charities’ own operations spawned from the Covid-19 pandemic, through to the economic impacts on both the charitable sector and wider society from the inflationary crisis that followed it.

2024 was a year in which those direct impacts began to lessen, and 2025 follows on in that trend, with many of the impacts of the cost-of-living crisis diminishing yet further. Yet it is also a year in which broader concerns about both the present and the future are continuing, and in which rising uncertainty and wider instability are of increasing concern to the sector as a whole.

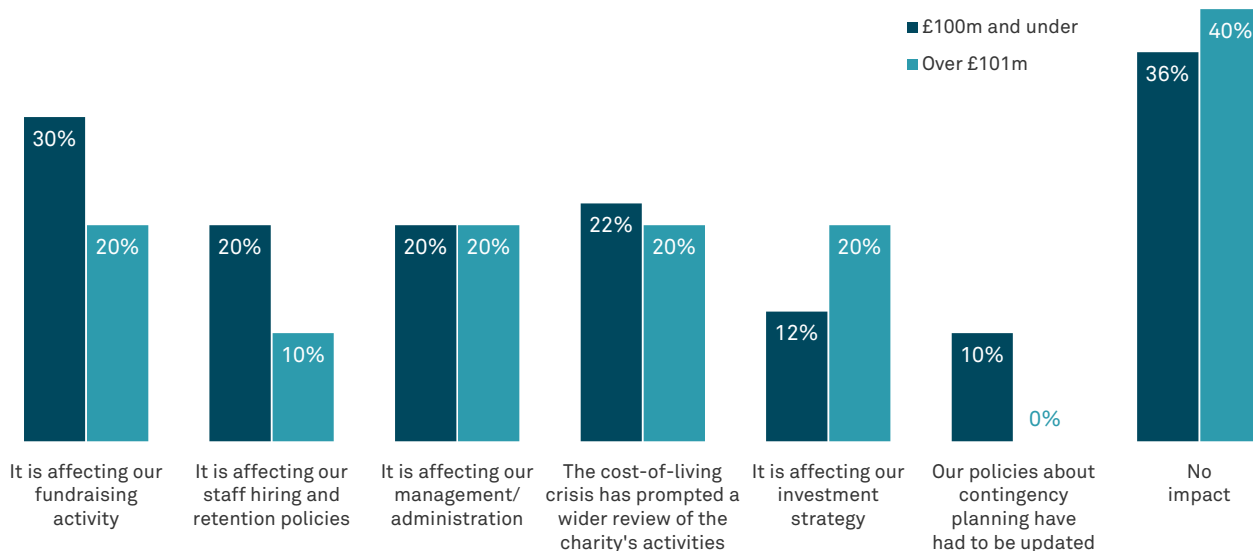
At a top-line level, the clear trend this year is the continued reduction in most cost-of-living impacts on charities across the sector. Over a third of charities (37%) now say they experience no impact from the cost-of-living crisis that began in 2022. This stands as the highest level on record. We have also seen decreases across most of the continued impacts of the crisis, especially around its effects on fundraising activity, and staff hiring and retention. This is particularly notable among charities with a greater volume of assets under management. Here, only a relatively small minority of charities still see impacts in these areas.

### 1 What impact, if any, has the continued cost-of-living crisis had on your charity's activity over the last year?



Data set: No. of respondents: 2023: 86, 2024: 72, 2025: 60

**2 What impact, if any, has the continued cost-of-living crisis had on your charity's activity over the last year?**

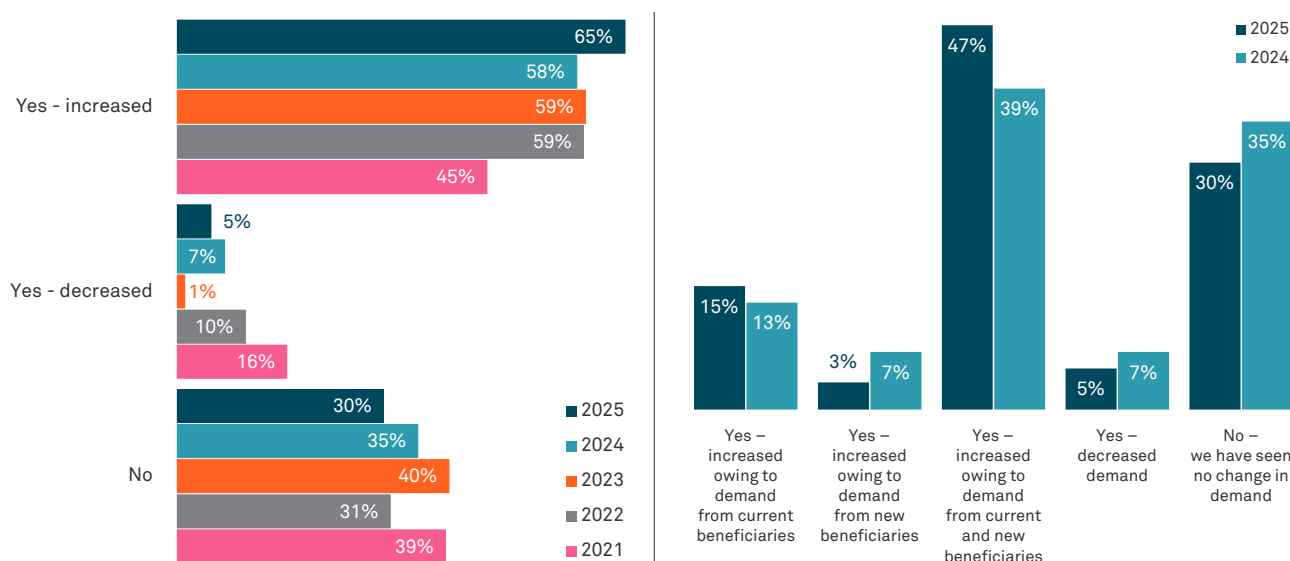


Data set: No. of respondents: 2023: 86, 2024: 72, 2025: 60

However, some impacts are being maintained, and some have even risen this year. These largely coalesce around effects on broader policy and approach in the sector. Despite falling impacts on direct operations, a minority of charities are still generally as likely to be reviewing their activities in light of continued cost-of-living effects (up to 22% from 21% in 2024). The effect on investment strategy has also been maintained in 2025, with a small minority (13%) still seeing an impact here. <sup>1</sup> <sup>2</sup>

The ongoing influence on how certain charities assess their activities and investment strategies may be related to the one aspect of the cost-of-living impact that has not decreased this year; rather, there has been a significant increase – namely, the demand for charity services. In this year's reporting, 65% of charities report an increase in demand for their services compared to the year prior – the highest level on record. This rise in demand is coming from across both new and current beneficiaries and is likely to be placing increased strain on the sector even as other impacts from the cost-of-living and inflationary crises have reduced. <sup>3</sup>

**3 Have you seen a change in demand for your charity's services?**



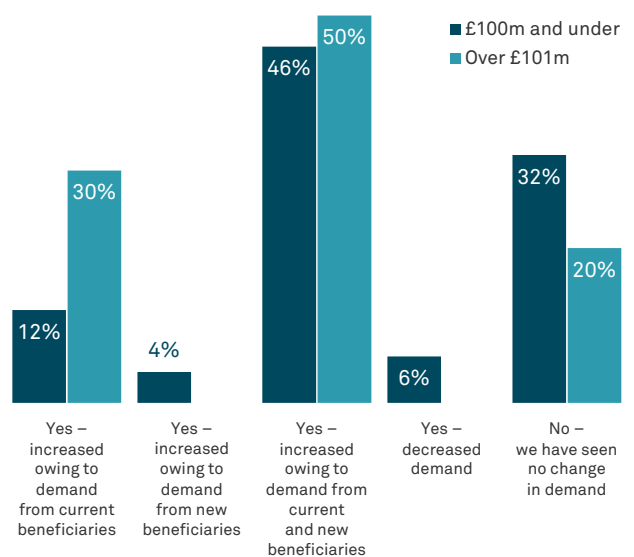
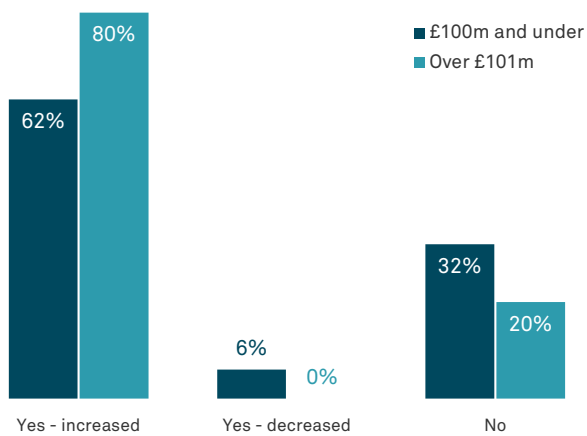
Data set: No. of respondents: 2021: 82, 2022: 91, 2023: 86, 2024: 72, 2025: 60



Larger charities (assets under management of £101 million or over) are particularly likely to have seen increases in demand, with 80% having noted an increase, and a larger volume of this increase has come from current beneficiaries, possibly reflecting greater existing beneficiary numbers across many of these charities. <sup>4</sup>

**80%**  
of larger charities have noted an increase in demand for charity services

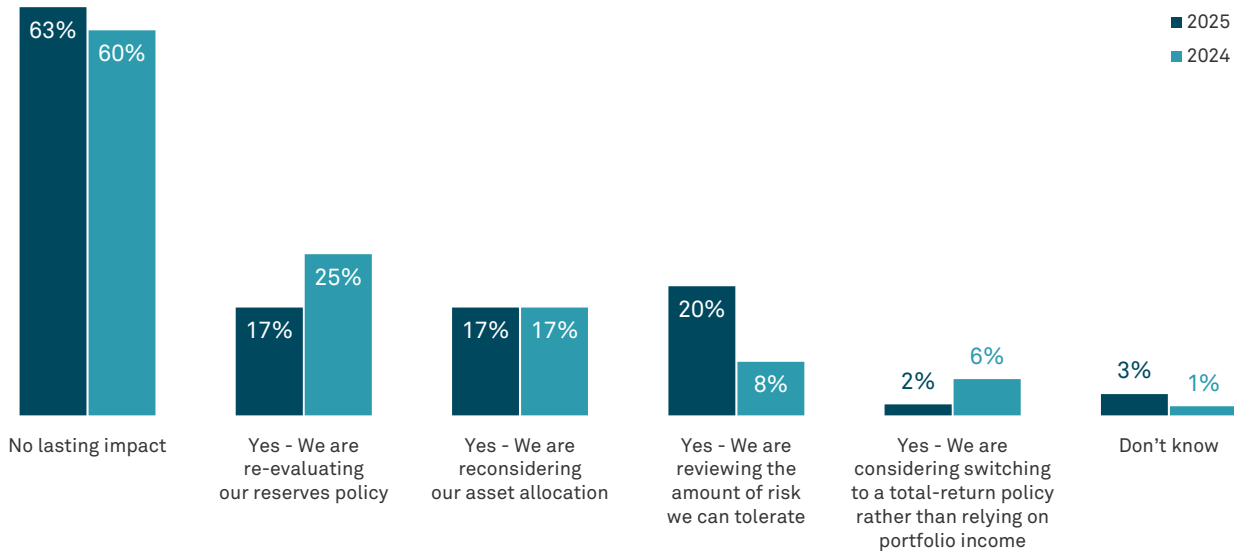
<sup>4</sup> Have you seen a change in demand for your charity's services?



Data set: No. of respondents: 2025: 60

In the charitable investment space, there is a trend more closely in line with the operational impacts of the cost-of-living crisis – a continued shift towards less noticeable effects in the sector. Here the proportion of charities seeing no impact on their investment policy has risen slightly to 63% while most other metrics have declined year on year. Two responses do stand apart, with the impact on asset allocation remaining stable at 17%, and a notable rise (to 20%) in the proportion of charities undertaking reviews around risk tolerance. These link to what stands out as a wider area of concern for charities beyond the remaining impacts of the cost-of-living crisis: broader instability in the economic and geopolitical landscape. <sup>5</sup>

**5 Has the cost-of-living crisis had a lasting impact on your investment policy? Which of the following statements apply to your charity?**



Data set: No. of respondents: 2024: 72, 2025: 60



**63%**

proportion of charities seeing no impact on their investment policy from the cost-of-living crisis

# INCREASED DEMAND AND UNCERTAIN TOMORROWS

## LEARNING TO LIVE WITH INSTABILITY

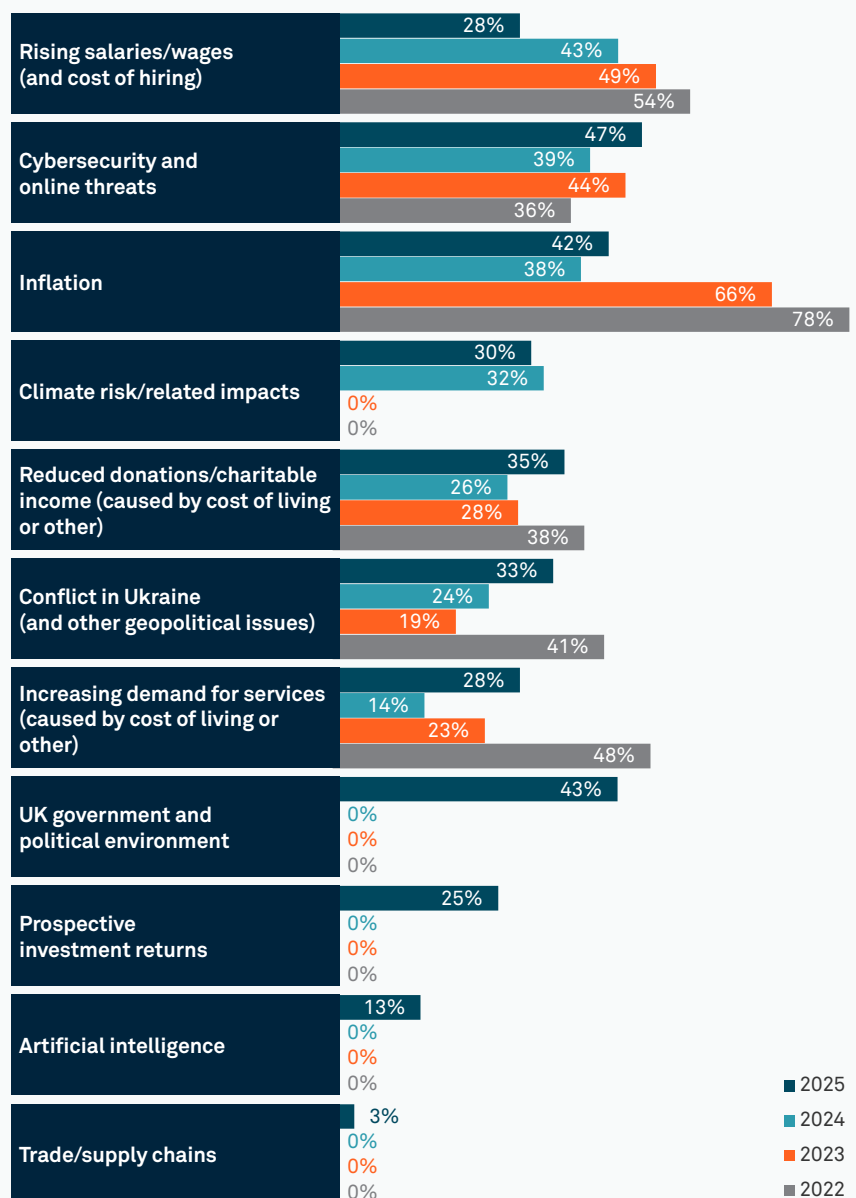
Broader concerns relating to economic and geopolitical instability are on the rise this year. Of the 11 issues tracked in the 2025 survey, only two – the impacts of rising salaries and climate risk – are viewed as less concerning compared to 2024.

Of these, climate risk concern has only fallen slightly – from 32% in 2024 to 30% this year. Every other concern has risen versus the previous year, most significantly cybersecurity (39% to 47%), conflict and geopolitical issues (24% to 33%), and the impact of increased demand for services (14% to 28%). Elsewhere, concerns over reductions in donations and charitable income have also ticked back upwards towards 2022 levels, while inflation concerns have also increased this year after a two-year period in which concern reduced.

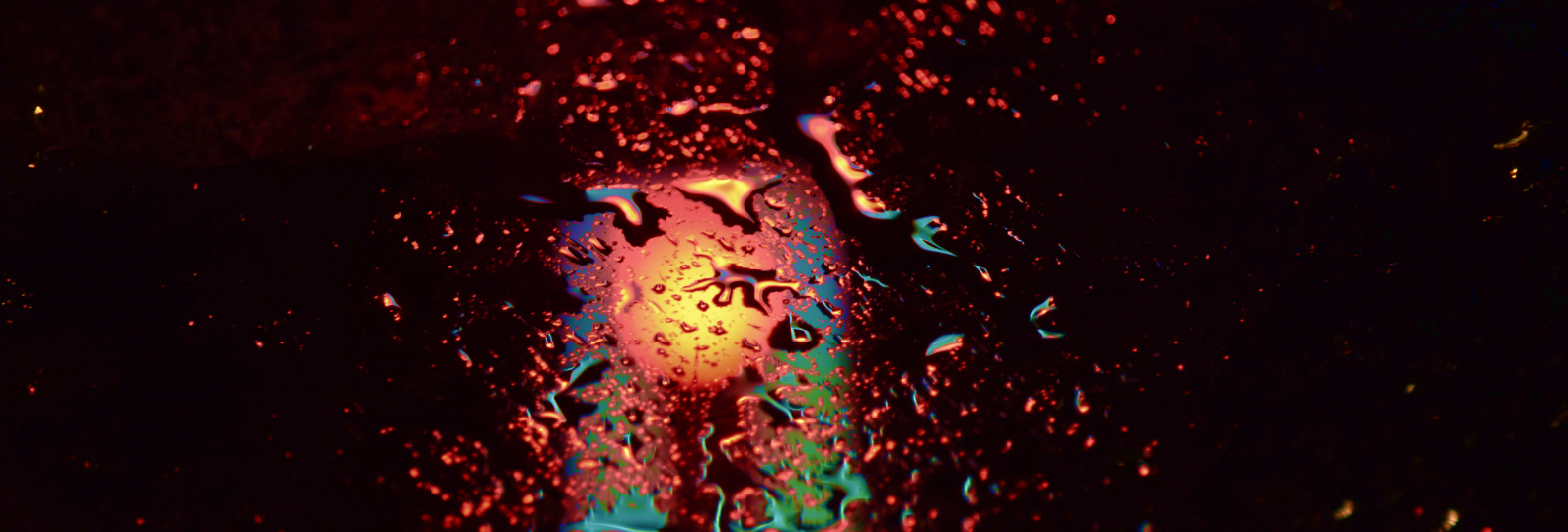
Inflation may have stabilised in 2025, but it is still above the Bank of England’s target level. In this context, charities are set to remain vigilant in safeguarding themselves against the impact of rising prices, especially as the sector often faces higher-than-average inflation of key goods and services.

New issues for this year have also been strongly highlighted, most notably around the UK government and political environment (43%). This is likely to be a reflection of the increasing uncertainty over the direction and security of the current government, adding yet more unstable factors to future planning within the sector. <sup>6</sup>

<sup>6</sup> Below is a list of issues. Please state how concerning they are to you when thinking about your charity - % saying very concerning

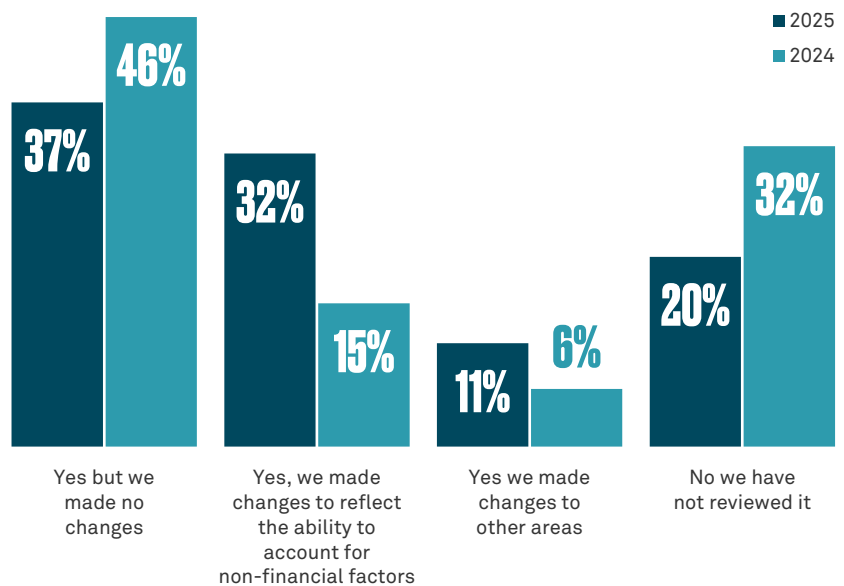


Data set: No. of respondents: 2022: 91, 2023: 86, 2024: 72, 2025: 60



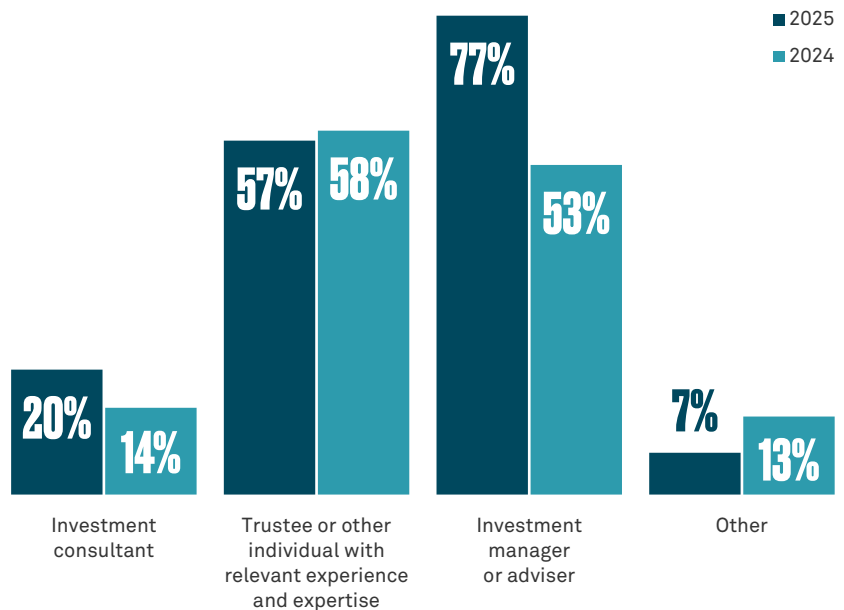
This increased external and non-economic uncertainty is being reflected in increased engagement by charities in our sample with the Charity Commission's updated CC14 guidance for trustees. Reviews of investment policy statements were on the rise in 2025, and those reviews have increasingly been accompanied by changes to the policies themselves to align with non-financial factors within the CC14 guidance. Investment managers are playing a key role in supporting charities here. The proportion of charities receiving professional advice in this area from an investment manager or adviser has risen significantly and now includes over three-quarters of charities. Concerns are rising, and advice is being sought. 7 8

**7 Have you reviewed your investment policy statement following the Charity Commission's update on CC14 in the autumn of 2023?**



Data set: No. of respondents: 2024: 72, 2025: 54

**8 How do you receive professional advice?**



Data set: No. of respondents: 2024: 72, 2025: 60

# 02 DIVERSIFYING AND CHANGING APPROACHES CHARITY INVESTMENTS IN 2025

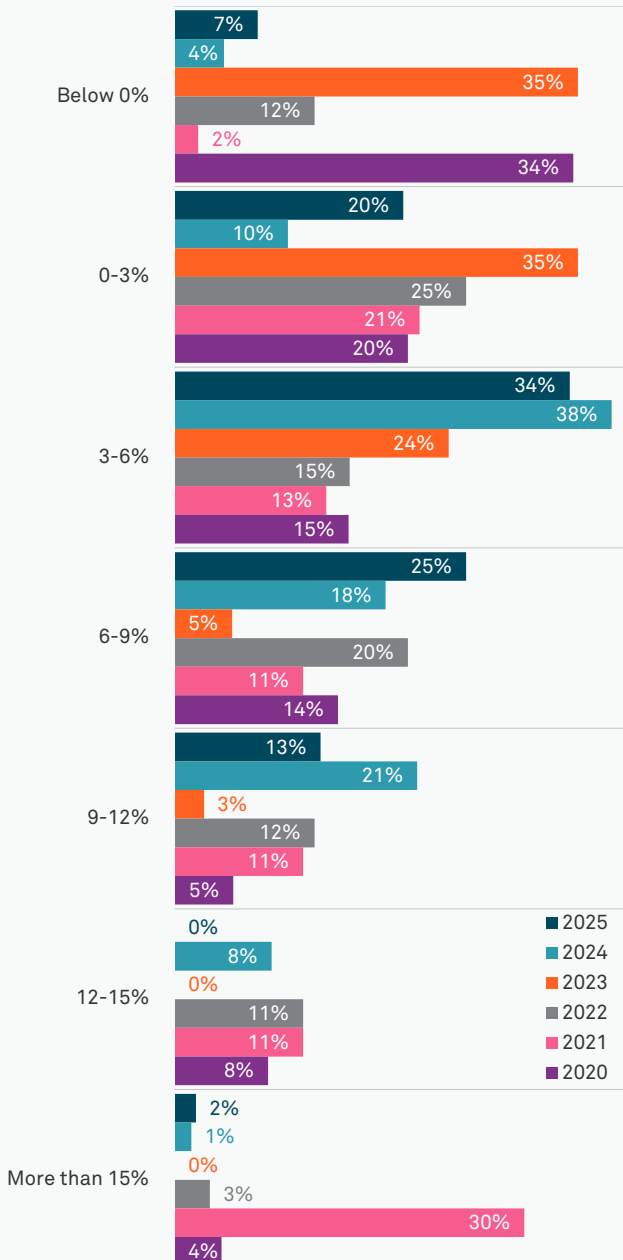
Investment returns and portfolio withdrawals

Investment strategy

Asset allocation

# INVESTMENT RETURNS AND PORTFOLIO WITHDRAWALS

9 What was the approximate total percentage performance gain/reduction in your investment portfolio's value – like for like – in the year to 31 March 2025 (i.e discounting any additions/withdrawals made in the period)?



Data set: No. of respondents: 2020: 114, 2021: 82, 2022: 91, 2023: 81, 2024: 72, 2025: 56

With charities experiencing increased demand from beneficiaries, and with the instability of the wider macroeconomic and political environment clearly having a strong impact on their longer-term thinking, how are charities' investments being shaped and how, in turn, are charities themselves responding to this more uncertain world?

Despite the current and future pressures on the sector and the wider economy this year, which are likely to have played a role in smoothing the highest rates of return when compared to last year's reporting, 2025 is once again a largely positive year for investment returns across our sample. Medium-term expectations of returns over the next three to five years are stronger still.

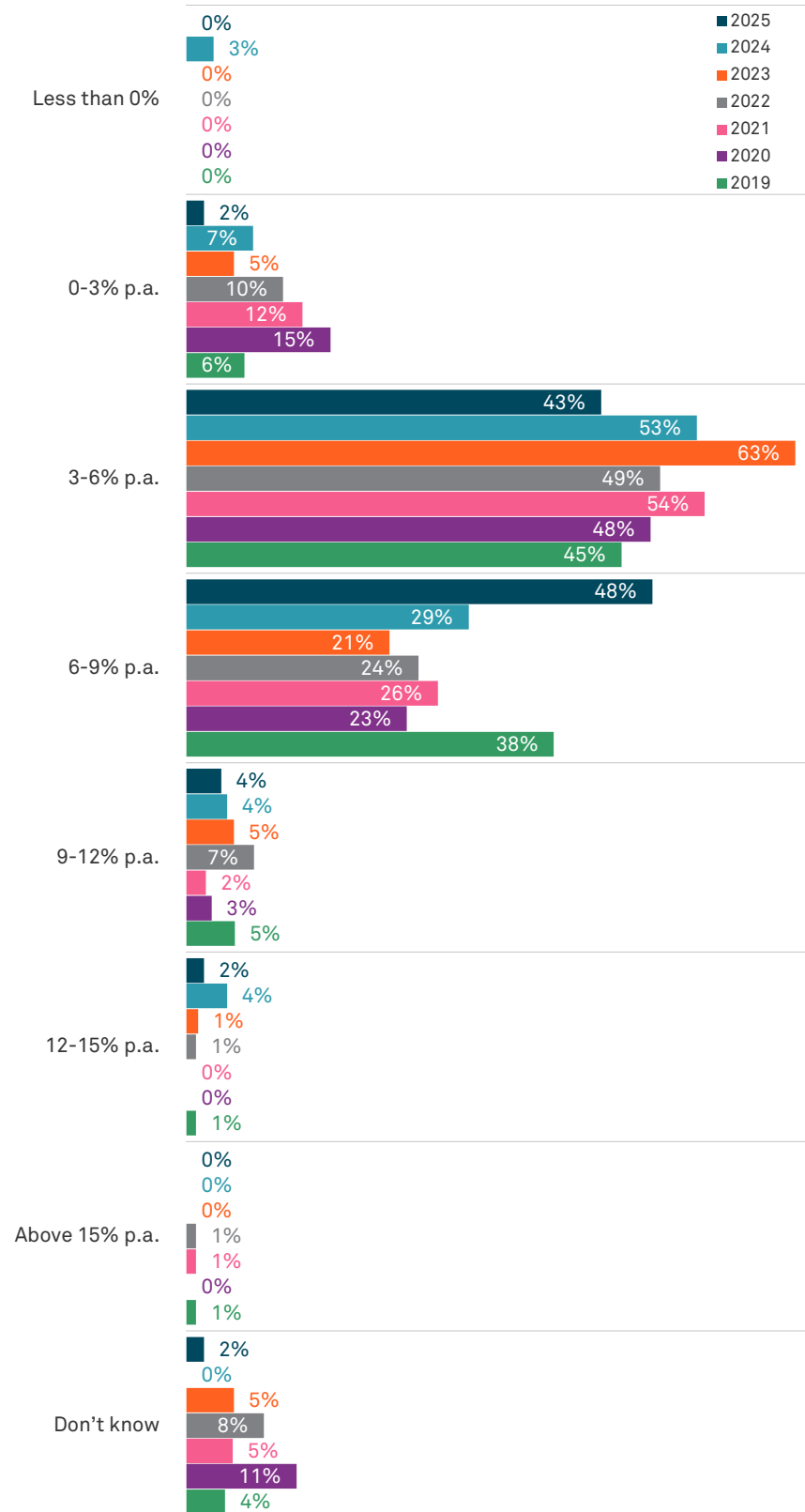
Compared to the strong growth in investment returns seen in 2024, this year still sees a largely positive story emerge regarding returns throughout the sector. This is particularly the case when compared to the distinctly low rates of return seen in 2023 where over a third of the survey sample reported negative returns in that financial year. In 2025 the highest rates of return of 9% and above have declined on 2024, accounting for just 15% of the sample compared to the 30% seen in last year's reporting. However, this is more a reflection of the strong economic recovery seen through 2024 from the low base of the year that preceded it rather than any indication of stuttering returns this year.

The majority of our sample (59%) have experienced total performance gains of between 3% and 9% this year. This is well above the levels seen in any year post the 2020 Covid-19 pandemic other than the outlier that was 2024. This year has seen an uptick in the proportion of charities experiencing lower returns of between 0% and 3%, now accounting for a fifth of our sample, and a much smaller increase in charities experiencing negative returns – now at 7%. But the general story here is of a return to a more normalised, but still positive, returns environment after last year's strong recovery. 9

# 3-5 YEAR OUTLOOK

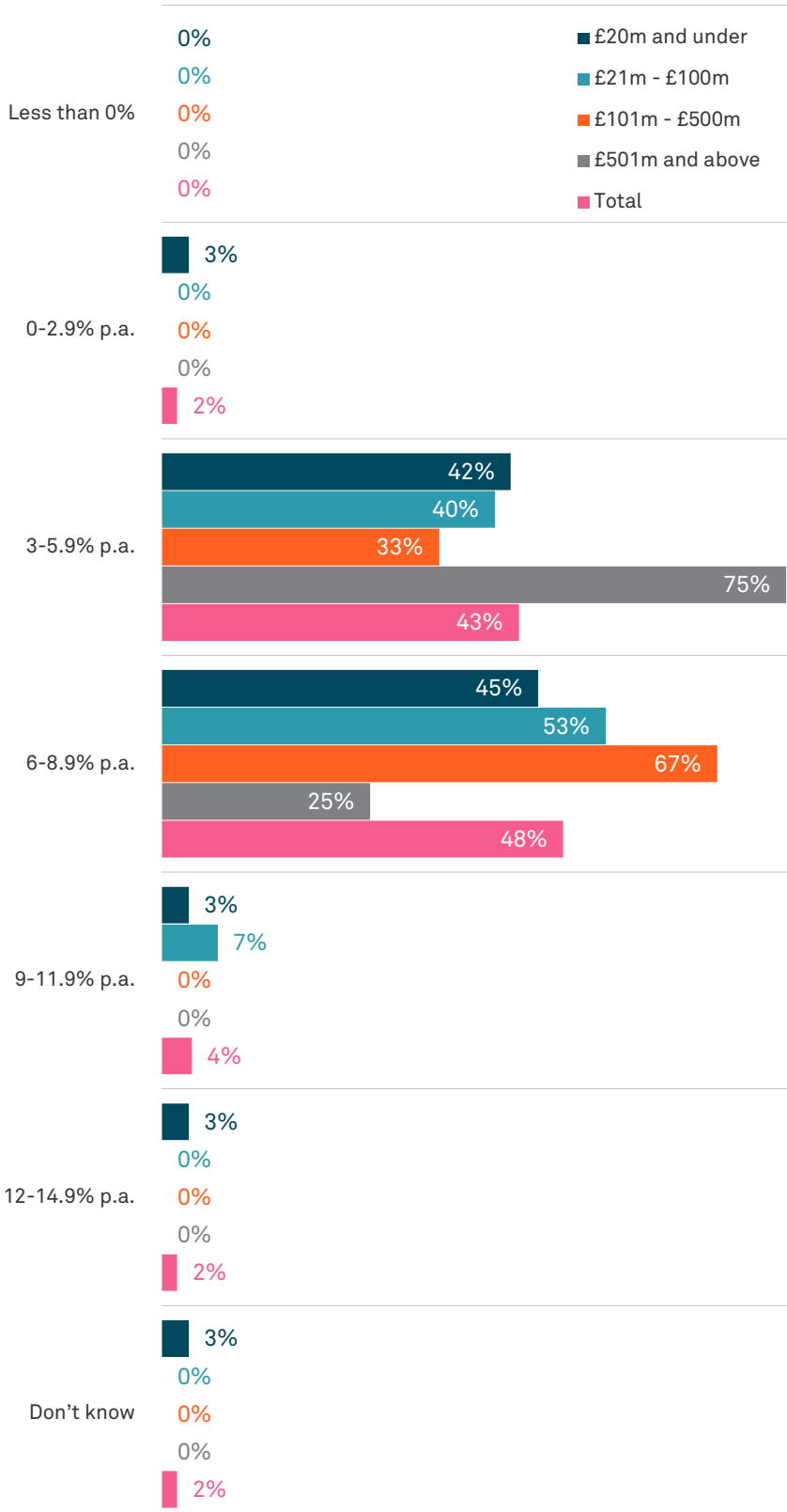
Looking out into the medium term, charity expectations are also positive. Expected annual returns over the next three to five years are significantly stronger this year. 48% of charities are expecting returns of 6% to 9% – a large jump from the 29% seen in 2024 – and a record high 91% of charities in our sample expect returns within the wider bracket of 3% to 9% within the period. Together, these metrics mark a real improvement in mid-term investment expectations in the sector in spite of the presence of wider concerns about future uncertainty beyond the investment sphere. <sup>10</sup>

## 10 What is the annual total return you would expect from your portfolio over the next 3-5 years?



Data set: No. of respondents: 2019: 102, 2020: 114, 2021: 82, 2022: 91, 2023: 81, 2024: 72, 2025: 56

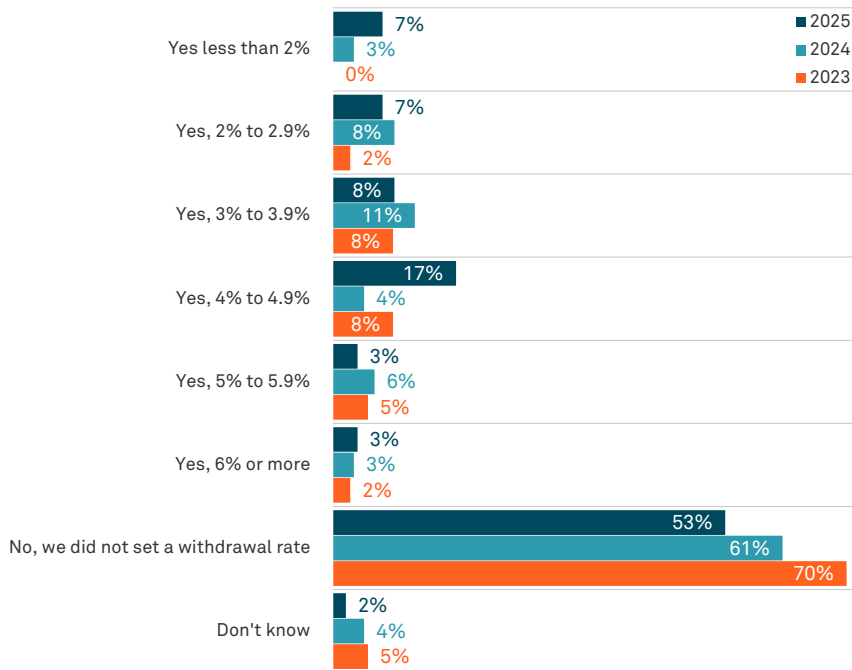
**11 What is the annual total return you would expect from your portfolio over the next 3-5 years? – 2025 by size of assets**



However, that story is less strongly positive when we analyse responses by size of assets under management, which indicates an emerging split between the very largest charities in our sample and the rest of the sector. Charities with assets of £501 million and above are notably less expectant of higher rates of return over the medium term. Despite this, expectations are still largely positive. **11**

Data set: No. of respondents: 2025: 56

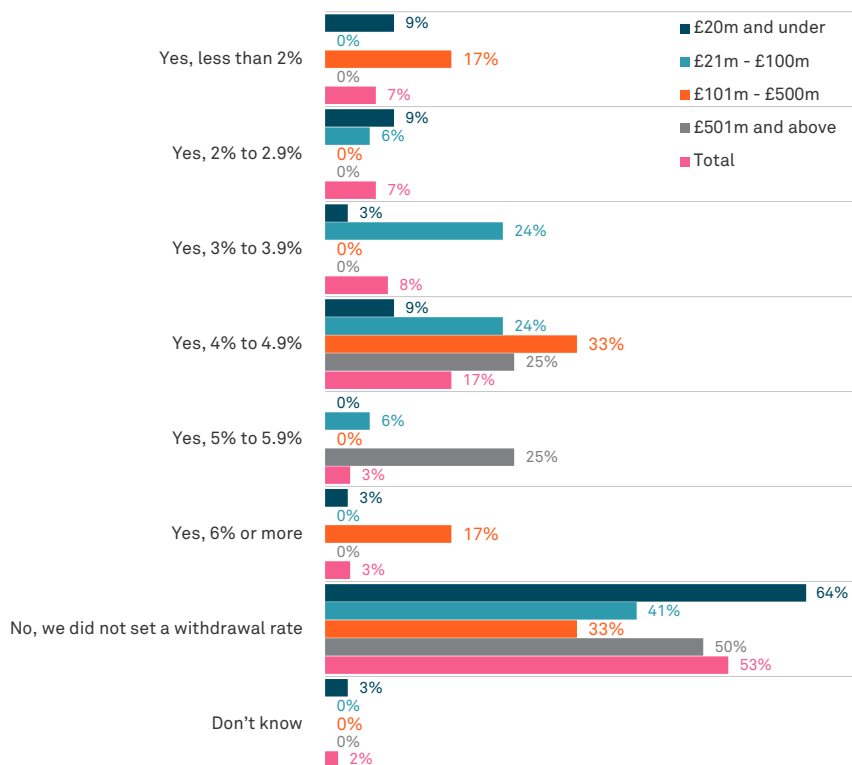
**12 Did you set a withdrawal rate on your investment portfolio over the last year?**



Data set: No. of respondents: 2023: 86, 2024: 72, 2025: 60

Once again, we have also seen a decline in the proportion of charities which have not set a withdrawal rate this year. Most charities still do not set a rate, but this figure has dropped to just over half the sample (53%) from 61% in 2024. This marks the second year in which the proportion of charities without a set withdrawal rate has declined. The smallest charities by assets under management are the most likely not to have a set rate, though we do see a slight uptick in the prevalence of no set rate among the largest charities (assets of £501 million or more) when compared to charities with assets of between £21 million and £500 million. <sup>12</sup>

**13 Did you set a withdrawal rate on your investment portfolio over the last year? – 2025 by size of assets**



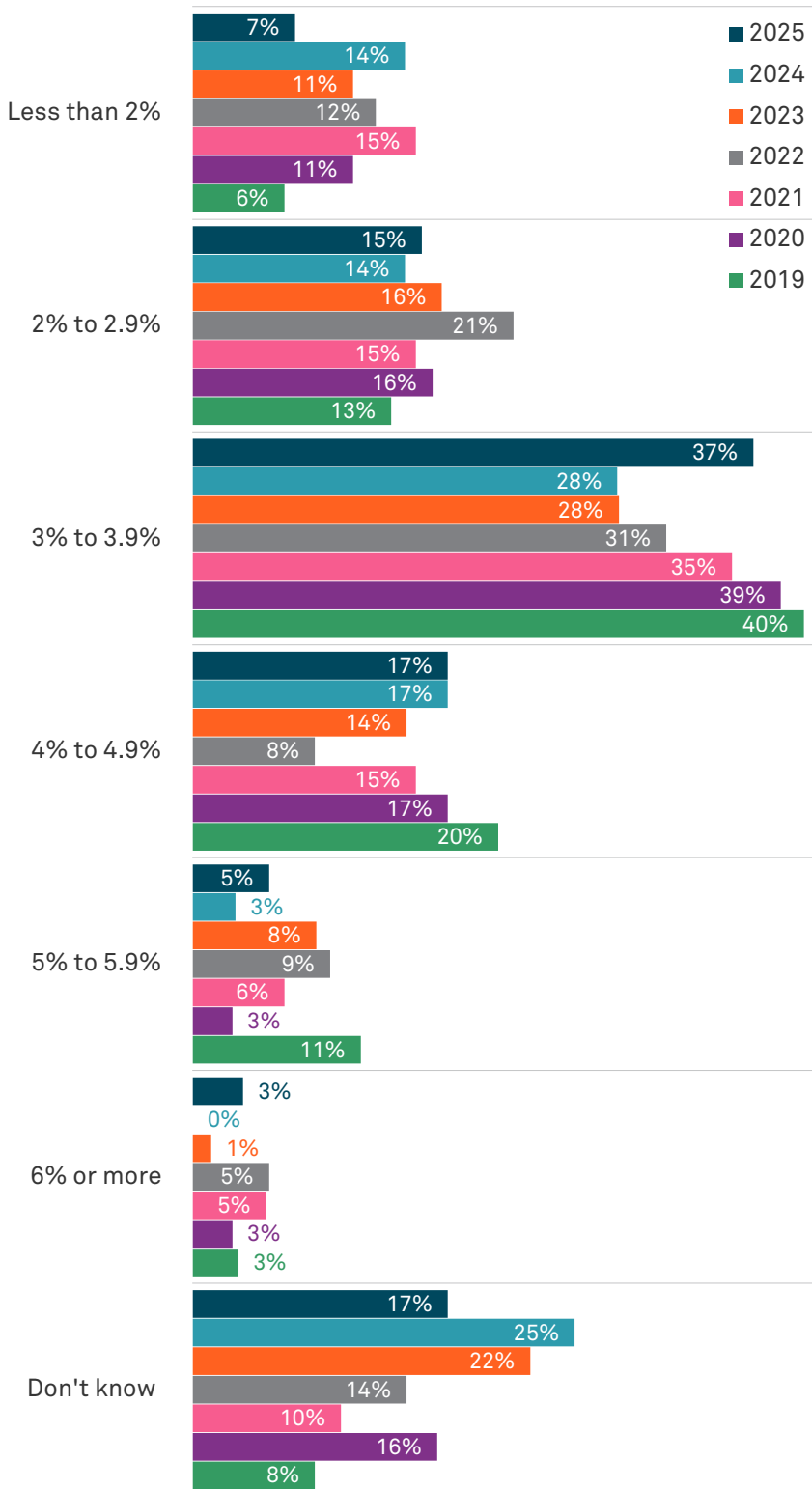
Data set: No. of respondents: 2025: 60

Among those charities that did set a withdrawal rate this year, the most common set rate of withdrawal is between 3% and 4.9%, which is likely to reflect the common use of long-term return targets at consumer price inflation plus 3% or 4%. Withdrawals do tick upwards among the larger charities with assets under management of £101 million and above, where rates of 5% or more are more common. <sup>13</sup>

The most common set rate of withdrawal is between

**3%  
AND  
4.9%**

**14** What do you consider to be a balanced withdrawal rate (comprising income and/or capital) from your portfolio over the long term to ensure that your portfolio does not reduce in value in real terms (i.e. after inflation is factored in)?



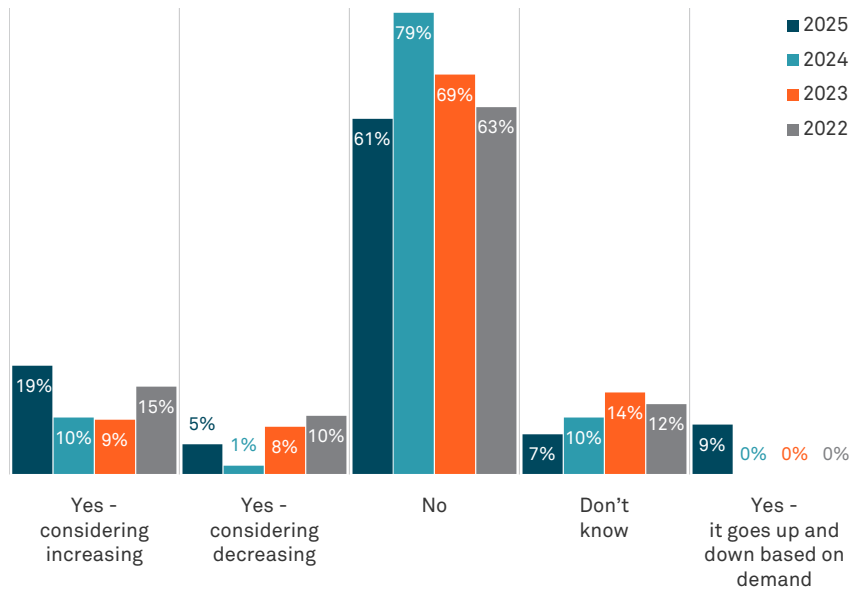
Once again, looking out further into the future, opinions on a balanced longer-term withdrawal rate remain mixed this year, with a variety of responses spread across a range of possible rates. We have, however, seen marginally greater coalescence around a longer-term balanced withdrawal rate of between 3% to 3.9%, in line with levels seen prior to 2022. <sup>14</sup>

“Opinions on a balanced longer-term withdrawal rate remain mixed this year.”

Data set: No. of respondents: 2019: 102, 2020: 114, 2021: 82, 2022: 91, 2023: 86, 2024: 72, 2025: 60

This year has also seen a noticeable uptick in the proportion of charities planning to change their withdrawal rate in the future. However, there is no single story emerging here among those planning a change. Instead, we see a rise in both those considering increasing it (from 10% to 19% of charities) and those looking at decreasing it (from 1% to 5%) when compared to 2024. This possibly reflects both the slightly lower investment returns seen this year alongside increases in beneficiary demand in parts of the sector. <sup>15</sup>

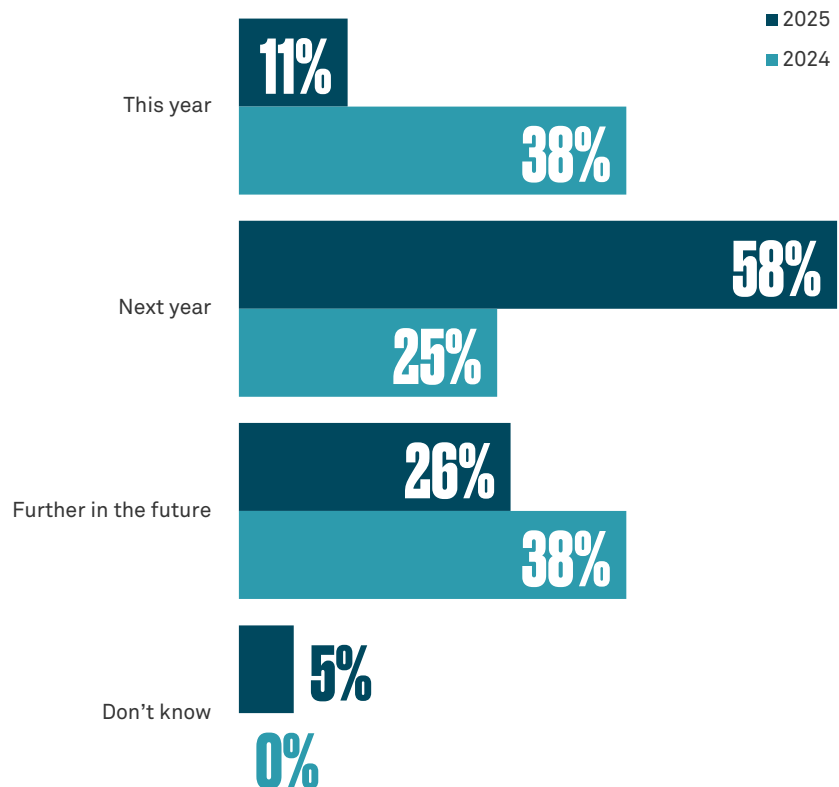
**15 Are you thinking of changing your withdrawal rate?**



Data set: No. of respondents: 2022: 91, 2023: 86, 2024: 72, 2025: 59

It is evident that charities intending to modify their withdrawal rate typically consider this a future decision – 58% of charities planning to make a change say they will do so in the next financial year, while another 26% are looking even further ahead. <sup>16</sup>

**16 You said you are thinking of changing your withdrawal rate. When is this change likely to occur?**

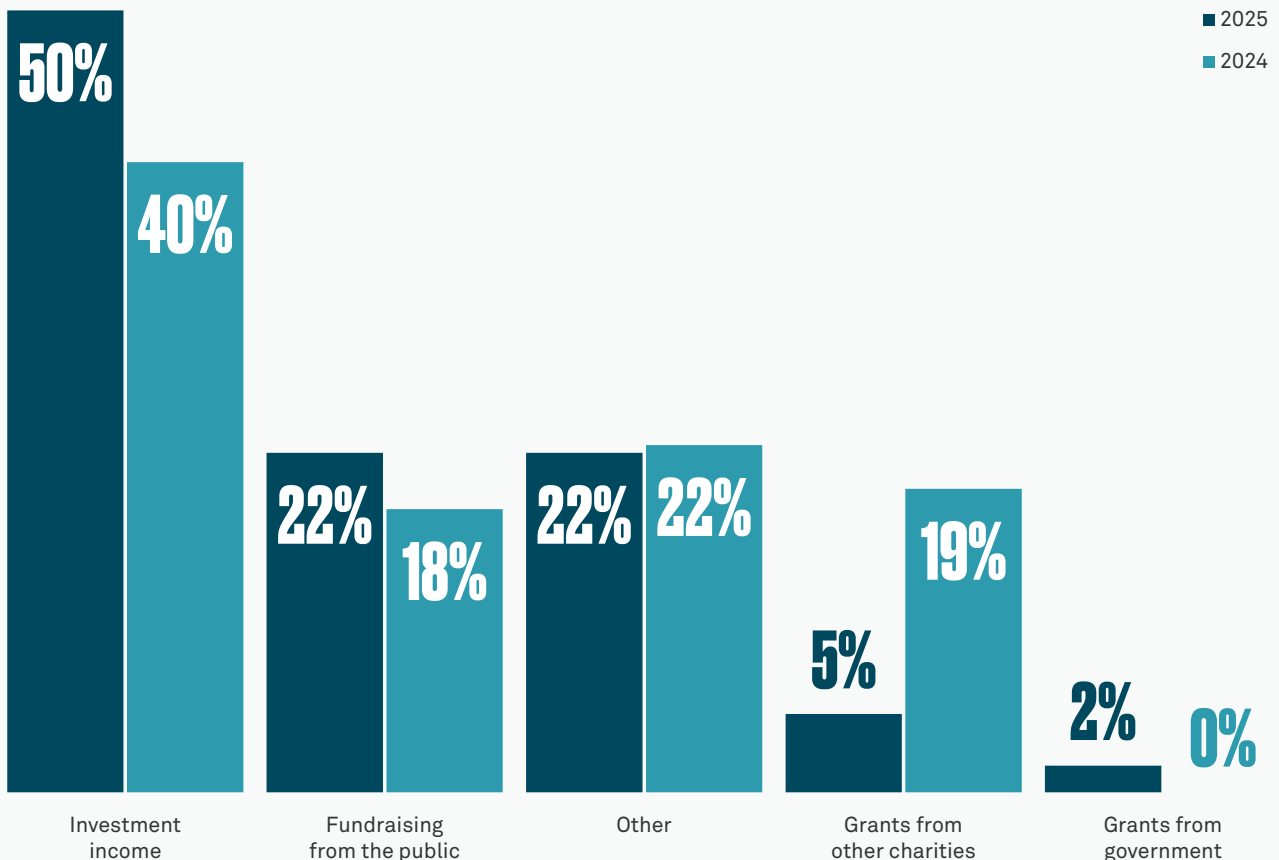


Data set: No. of respondents: 2024: 8, 2025: 19

## INVESTMENT STRATEGY

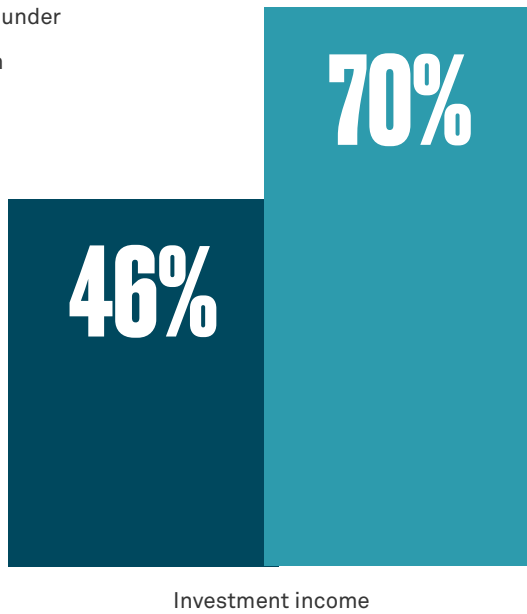
Looking to income generation and broader investment strategy, the shift in our survey sample this year, with the inclusion of a greater proportion of charities with higher volumes of assets under management, has driven an increase in the percentage of charities who say their income is predominantly derived from investment income. This now includes half of all responding charities. The change is reflected in the decline in the proportion of charities indicating most of their income comes from grants – down to just 7% of the sample from a total of 19% in 2024.<sup>17</sup>

<sup>17</sup> How is the majority of your charity's income generated?



18 How is the majority of your charity's income generated?

- £100m and under
- Over £101m



Differences in income generation, and the driver of the change since last year's reporting, clearly emerge when we break responses to this question down by assets under management – with larger charities with assets worth £101 million and above roughly half as likely again to derive the majority of their income from investments when compared to charities with assets equating to £100 million or less. 18

Data set: No. of respondents: 2025: 60



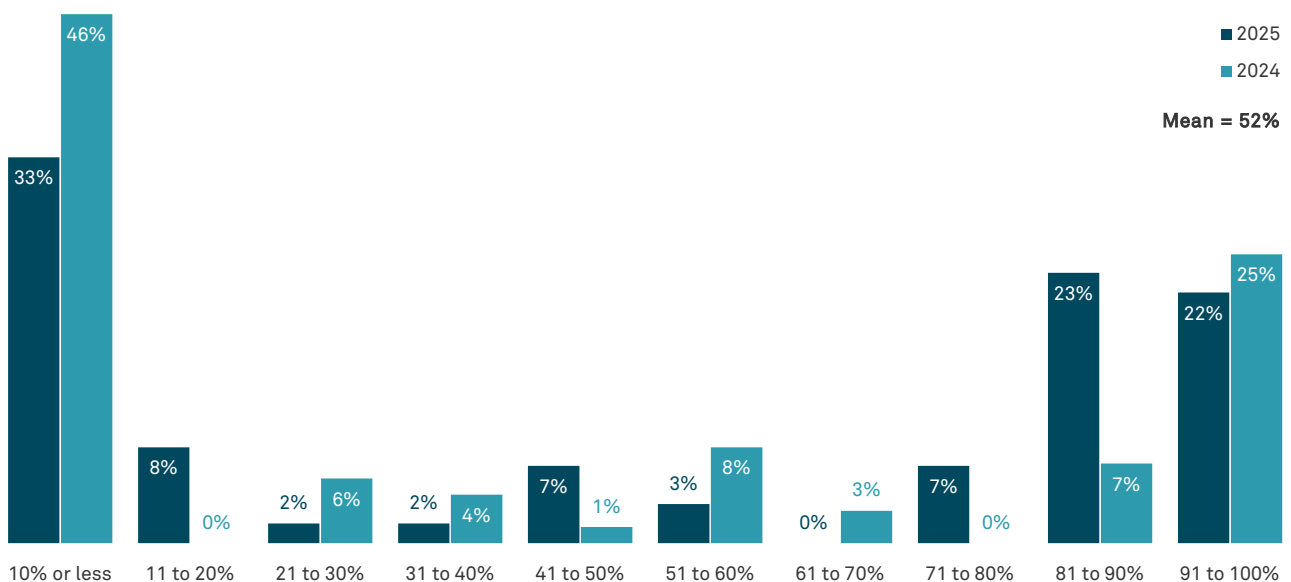
70%

of larger charities derive the majority of their income from investments

This year also sees a significant increase in the proportion of total income charities across our sample derive from investments. For 45% of the charities engaged in this year's report, investments accounted for between 81% and 100% of their total income in the reporting period, significantly higher than last year's figures. While a third of charities did receive just 10% or less of their annual income from investments, this marks a large decrease on the figure from 2024. <sup>19</sup> <sup>20</sup>

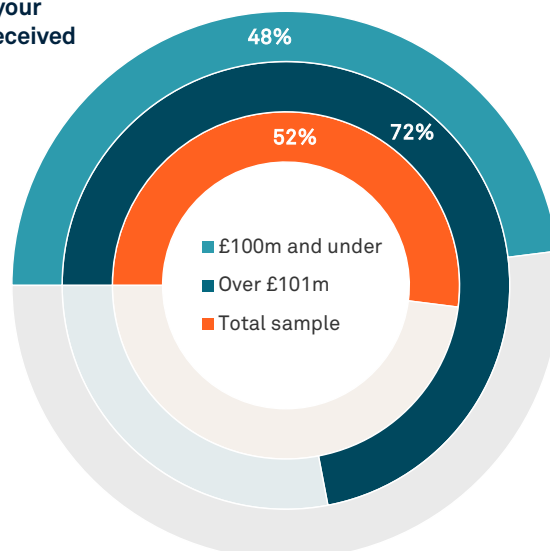
The broader reliance on investment income across most of our sample highlights the importance of getting strategy right and implementing regular investment reviews with input from a broad range of providers. This is likely to be especially important for larger charities where investment income is, on average, a much greater proportion of total income.

**19 What percentage of your charity's income is received from investments?**



Data set: No. of respondents: 2024: 72, 2025: 60

**20 What percentage of your charity's income is received from investments?**



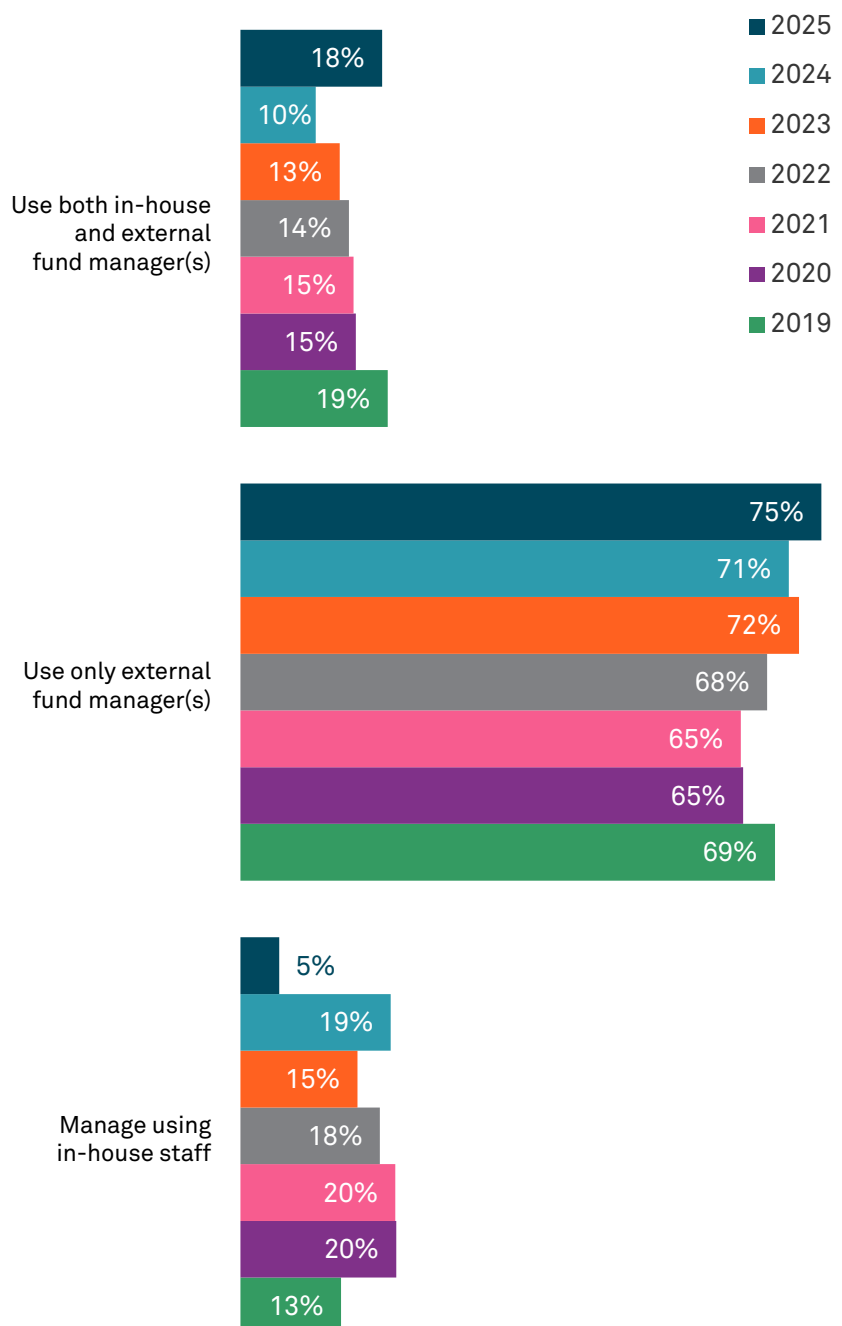
A third of charities received **10%** or less of their annual income from investments

Data set: No. of respondents: 2024: 72, 2025: 60

**75%**  
of charities manage their portfolio solely through an external manager

With the importance of investments and investment income for many of the charities in this year's sample it is no great surprise that the use of external fund managers was on the rise in 2025, with 75% of charities managing their portfolio solely through an external manager and 18% using both in-house and external managers. This is echoed in a related fall in the proportion of charities only making use of in-house staff – down to 5% from 19% in 2024 – while the rise in the number of charities making use of both in-house and external fund manager(s) is likely to once again reflect the change in sample in this year's reporting. <sup>21</sup>

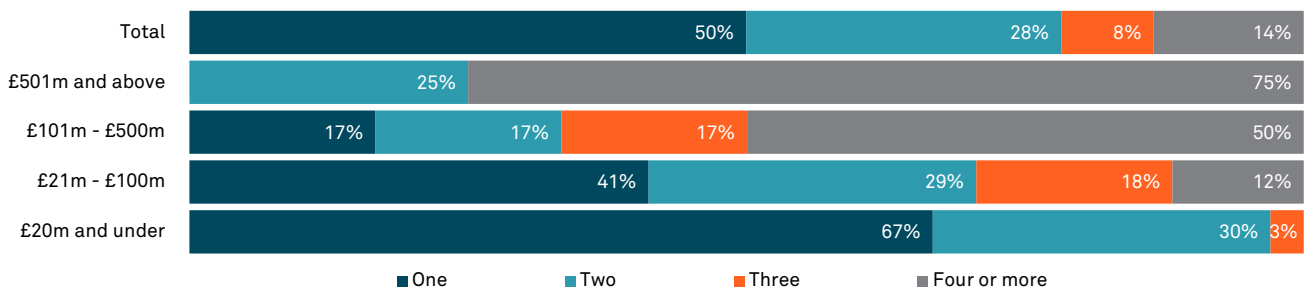
<sup>21</sup> How do you manage your investment portfolio?



Data set: No. of respondents: 2019: 102, 2020: 114, 2021: 82, 2022: 91, 2023: 86, 2024: 72, 2025: 60

As an extension to that point, we can see that larger charities tend to make use of a greater number of investment managers, with the proportion using four or more managers increasing steadily as we move up in assets under management and reaching 75% among the largest charities with assets of £501 million or above. Generally, however, across the full charity ecosystem the majority of charities are still using a single manager, though again this declines as assets under management increase. <sup>22</sup>

**22 How many managers do you have in total?**



Data set: No. of respondents: 2025: 60

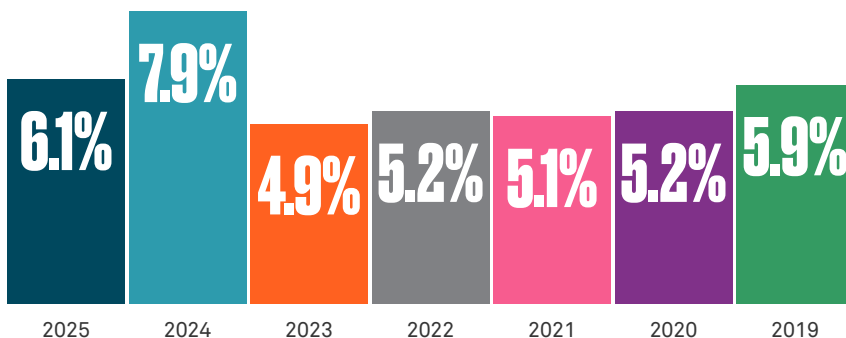
Turning now to look at how charities made use of targets and benchmarks across 2025, the clear method of choice for targets across the sector has been the use of a total-return target – accounting for 78% of the sample – with an income-only target or other methods far less prominent. <sup>23</sup>

**23 How do you implement the strategy in your investment portfolio?**



Data set: No. of respondents: 2025: 58

**24 What is the total-return target as a percentage of portfolio value?**

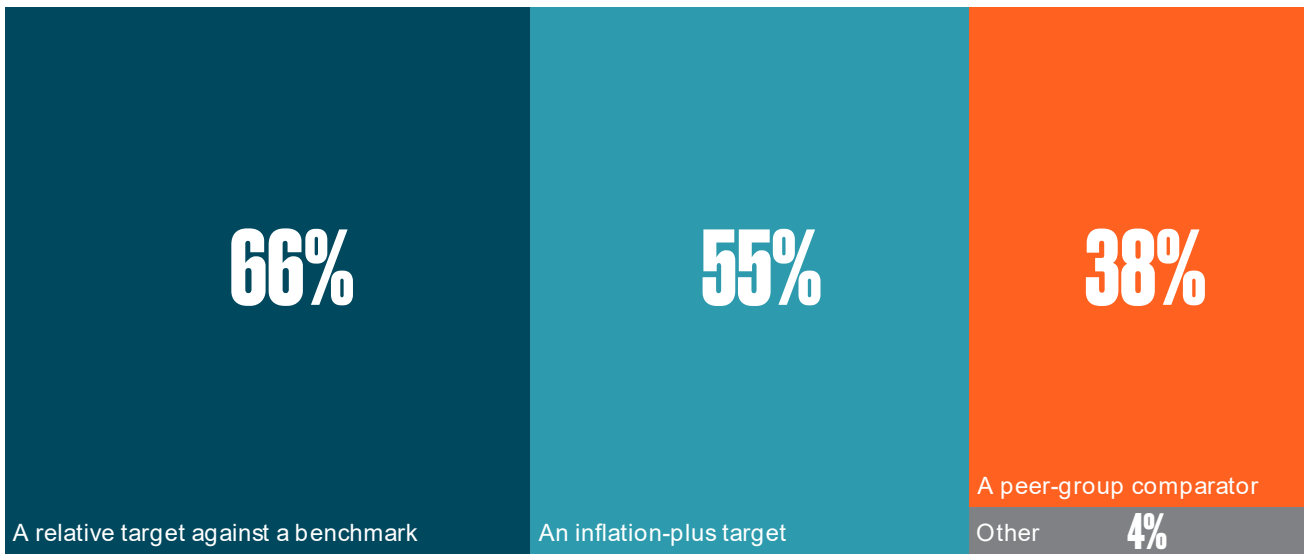


While total-return targets remain very common across the sector, 2025 has seen a slight decrease in the level targets are being set at as a percentage of portfolio values, falling closer to historical pre-pandemic averages at 6.1% from a record high of 7.9% in 2024. This probably reflects the general cooling off across investment returns after strong recovery last year. <sup>24</sup>

Data set: No. of respondents: 2019: 43, 2020: 41, 2021: 35, 2022: 38, 2023: 29, 2024: 15, 2025: 45

The use of benchmarks presents a somewhat more diverse picture when compared to targets alone, with a wide variety of benchmarks in use – often in combination with each other – across our sample. A relative target against a benchmark is most commonly used (66% of charities) but inflation-plus targets (55%) and peer-group comparators (38%) are also regularly utilised. While charities may often have a long-term goal to deliver returns in excess of inflation, it appears the majority still translate this into a market benchmark for shorter-term monitoring. <sup>25</sup>

<sup>25</sup> What investment benchmark do you use to measure the success of your investment portfolio?



Data set: No. of respondents: 2025: 55

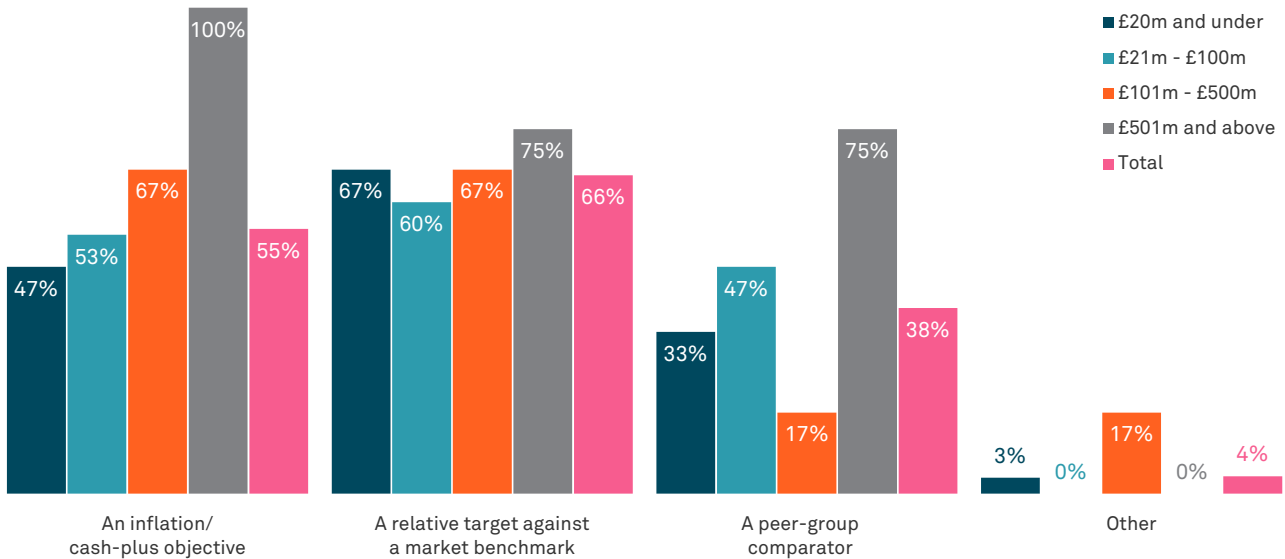


While charities may often have a long-term goal to deliver returns in excess of inflation, it appears the majority still translate this into a market benchmark for shorter-term monitoring.



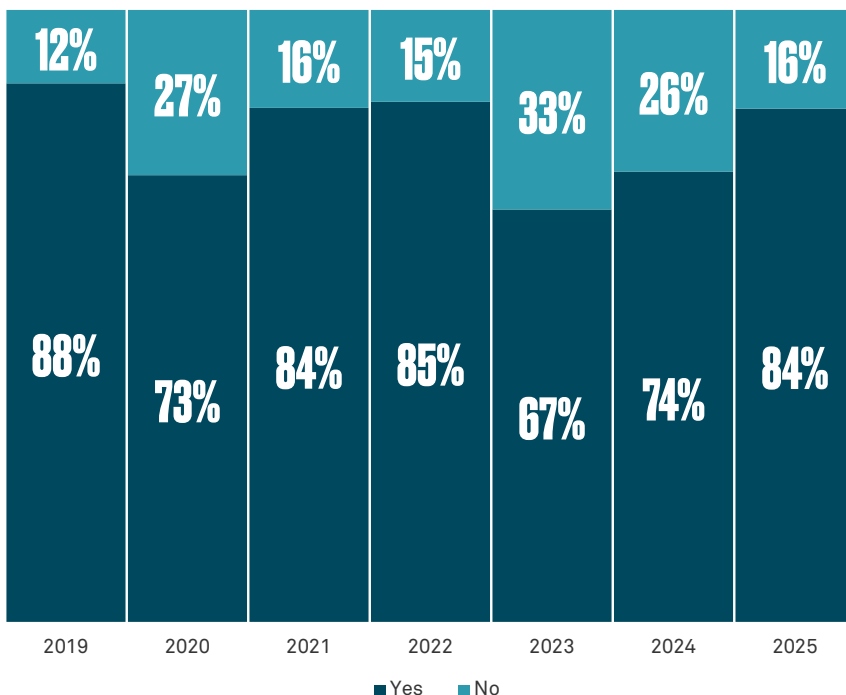
These benchmarks are often working in tandem, especially among the largest charities with assets of £501 million and above, with all three main benchmarks used by at least 75% of these charities. However, smaller charities are the most likely to make use of only a single form of benchmark. <sup>26</sup>

**26 What investment benchmark do you use to measure the success of your investment portfolio?**



Data set: No. of respondents: 2025: 60

**27 Do you feel that the total returns of your investment portfolio are sufficient to meet the obligations and commitments of your charity?**



On a markedly positive note, the proportion of charities reporting that the total returns of their investment portfolio have been sufficient to meet their obligations and commitments has risen again this year, with 84% of charities agreeing that returns have met the required level. After two years in which agreement had fallen below 75% this is a strong indicator of positive performance across 2025. <sup>27</sup>

**84%**  
of charities agree that returns have met the required level

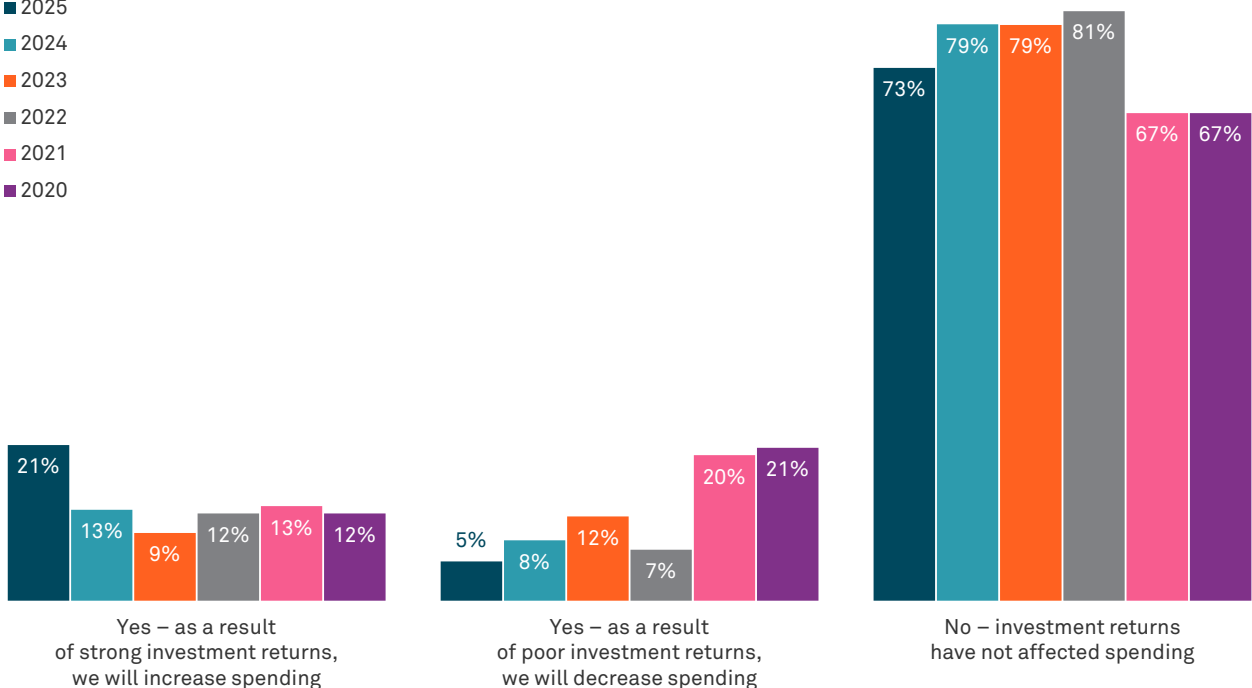
Data set: No. of respondents: 2019: 27, 2020: 20, 2021: 9, 2022: 16, 2023: 10, 2024: 72, 2025: 56



This positivity is further magnified when we look at the broader impacts of investment performance on charitable spending through 2025, where we see a record high level (21%) of charities responding that strong returns have enabled them to increase spending either currently or in the future. Inversely, the volume of charities noting they have had to reduce spending due to poor returns has decreased once again and now stands at just a quarter of the level seen during the Covid-19 pandemic. <sup>28</sup>

**28 Has your investment performance affected spending?**

- 2025
- 2024
- 2023
- 2022
- 2021
- 2020



Data set: No. of respondents: 2020: 114, 2021: 82, 2022: 91, 2023: 86, 2024: 72, 2025: 56

## ASSET ALLOCATION

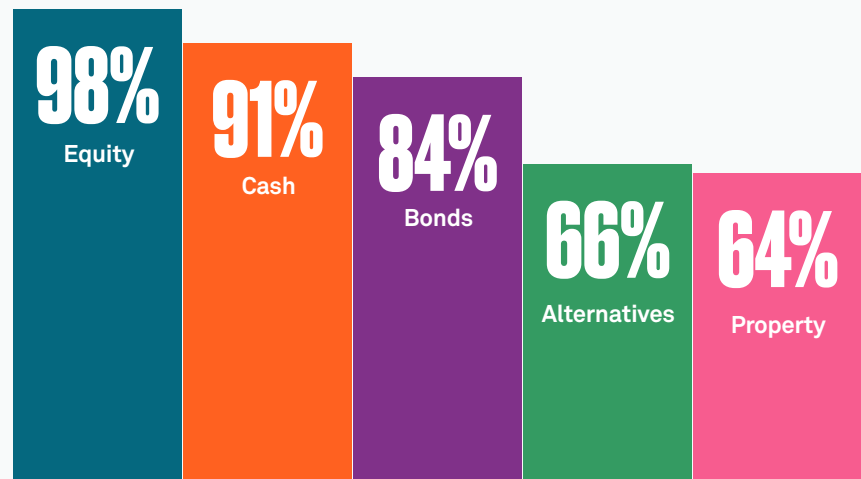
Prior to 2024, asset allocation had traditionally been an area in which we saw relatively little change year on year. That changed in 2024, with significant shifts in allocation within individual portfolios and sector averages, and this trend has continued in 2025.

At a top-line level we continue to see strong engagement with all types of assets, with equities (98%), cash (91%), bonds (84%), alternatives (66%), and property (64%) all incorporated into well over half of all portfolios. <sup>29</sup>



“Infrastructure investments are the most commonly held alternative assets in charity portfolios”

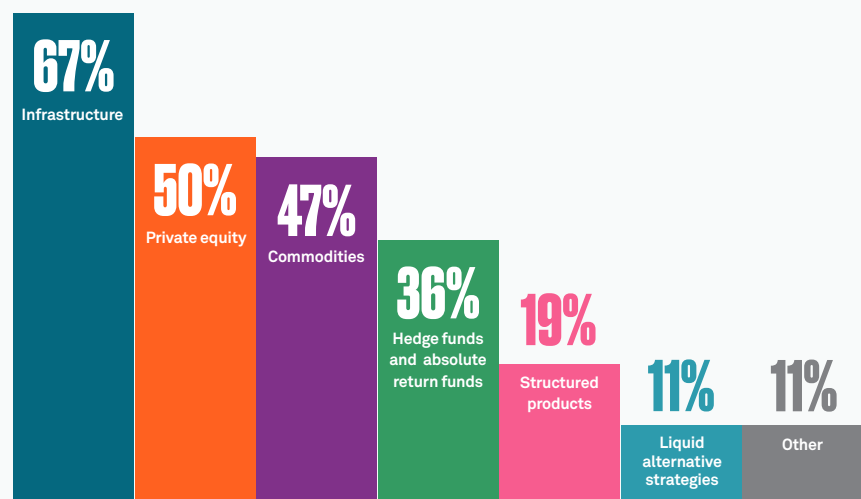
<sup>29</sup> Which of the following five asset classes does your current portfolio incorporate?



Data set: No. of respondents: 2025: 56

While held in a smaller proportion of portfolios than the three traditional asset classes, alternative investments play a significant role in two-thirds of charities’ portfolios as charities have looked to diversify their investments in the face of wider economic and geopolitical uncertainty, supported by pooled fund approaches that incorporate these assets. Infrastructure investments (67%) are the most commonly held alternative assets in charity portfolios, while private equity, commodities, and hedge funds are also frequently utilised. <sup>30</sup>

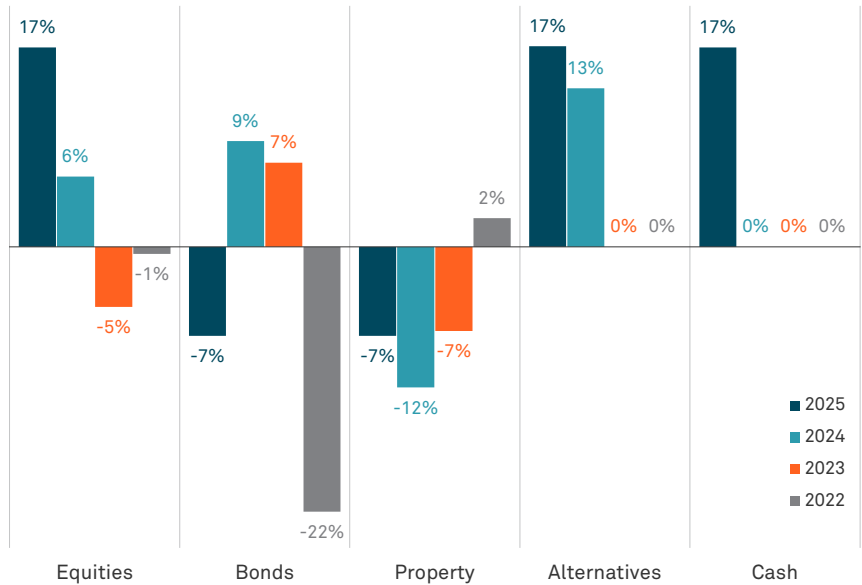
<sup>30</sup> You said that you currently use alternative investments. Which of the following do you use?



Data set: No. of respondents: 2025: 36

Movement within charity portfolio allocation has continued, and in many cases intensified, during the reporting period, with increases in allocation to equities, alternatives and cash at rates well above recent historical levels. Conversely, 2025 has seen falls in individual charities' allocation to bonds and property. These shifts are likely to reflect increasing instability in both national and international bond markets and the weakening of the UK property market during the reporting period. Although these two asset categories have experienced declines, diversification has progressed in other sectors where allocations have increased during 2025. This trend reflects efforts by charities and their investment managers to safeguard portfolios against external risks associated with traditional asset classes. <sup>31</sup>

<sup>31</sup> Please state whether there has been any increase or decrease in your portfolio's allocation to these asset classes in the year to 31 March 2025; net, increase/decrease



Data set: No. of respondents: 2022: 84, 2023: 75, 2024: 68, 2025: 54

## REPORTED REASONINGS BEHIND ASSET ALLOCATION SHIFTS



A fund manager decision to reduce exposure on government bonds”



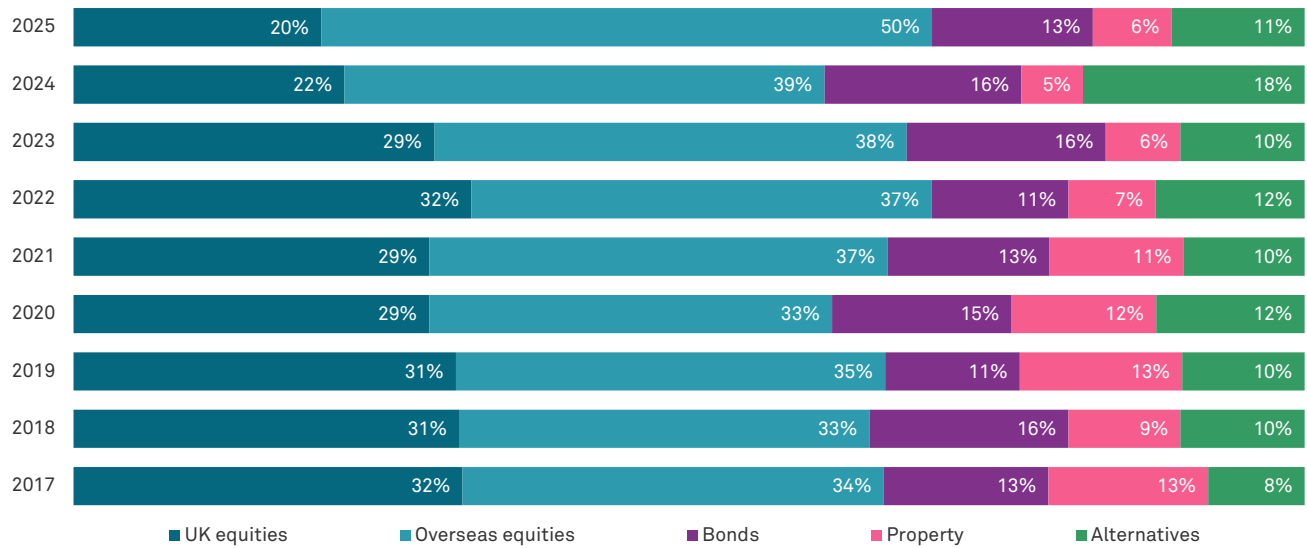
A more defensive strategy taken by investment managers in response to Trump tariffs and related impact on global markets”



We increased allocation to cash... to lower overall risk”

Looking more closely at top-level asset allocation across all charity respondents, we can see further decreases in bond allocation, but also a notable split in the type of equities being selected by charities and their investment managers. Allocation to UK equities has continued to decline this year, down to the lowest level seen in our historical reporting, while overseas equities now account for half of all assets. Exposure to alternatives has also declined, though only back to levels seen prior to 2024. <sup>32</sup>

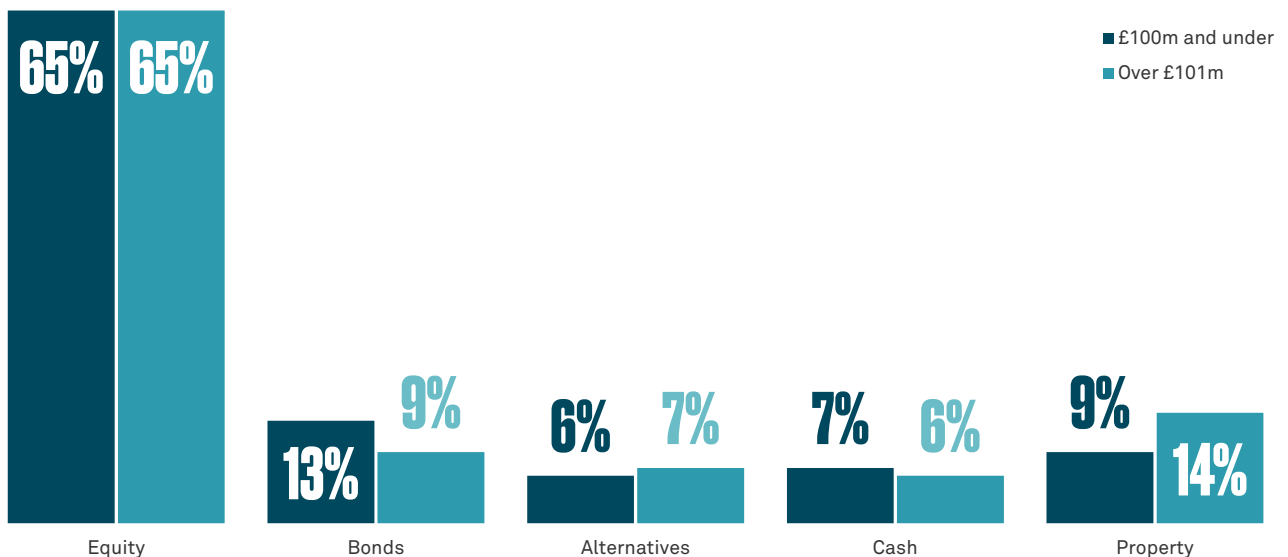
**32 Please state your portfolio's approximate allocation across the following asset classes in percentage terms**



Data set: No. of respondents: 2017: 82, 2018: 93, 2019: 98, 2020: 105, 2021: 77, 2022: 86, 2023: 75, 2024: 64, 2025: 54

Allocation approaches remain broadly similar across our entire sample, with little significant difference between charities with assets under management of £100 million or under and those with assets of £101 million and above. <sup>33</sup>

**33 Please state your portfolio's approximate allocation across the following asset classes in percentage terms**



Data set: No. of respondents: 2025: 54

# 03 RESPONSIBLE INVESTING IN A MORE UNCERTAIN WORLD

Responsible investment factors

Exclusions

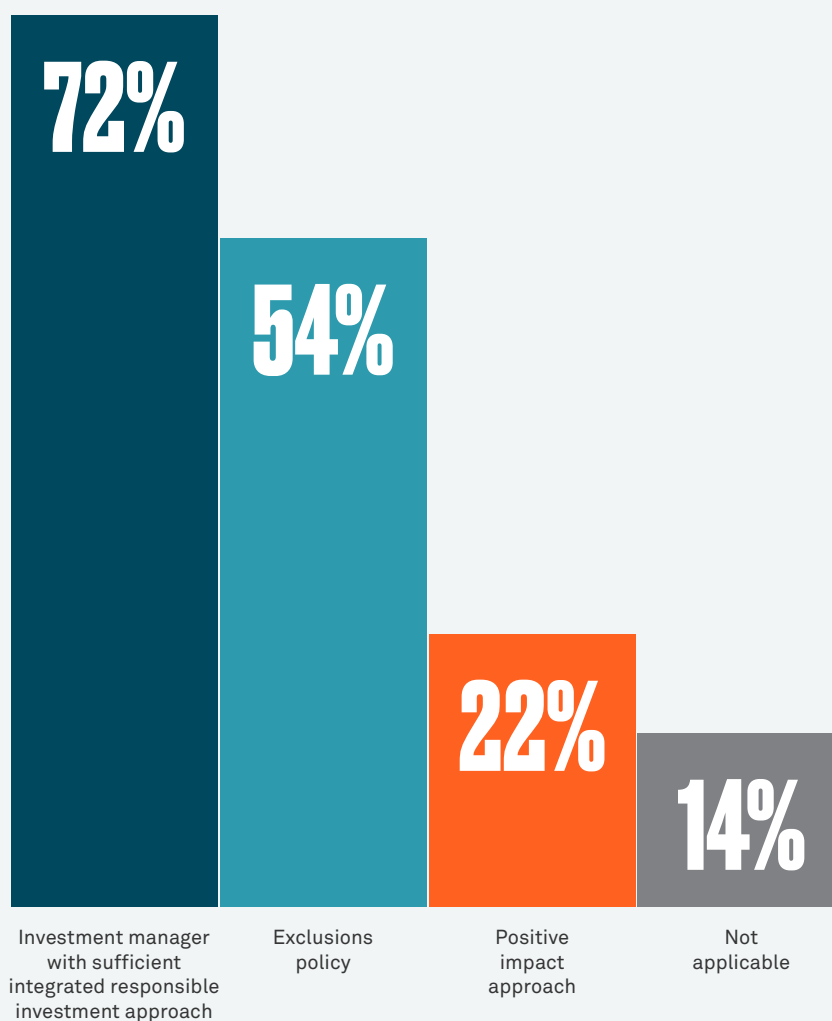
Sustainability and governance metrics

## RESPONSIBLE INVESTMENT FACTORS

Responsible investment remains central for many charities, with investment managers often playing a key role in supporting their approach.

Almost three quarters (72%) of charities in our sample make use of, investment managers with an integrated responsible investment approach. Meanwhile, a further 54% have an exclusions policy. Positive impact approaches are less common for charities but are still present for just over a fifth (22%) of our sample. <sup>34</sup>

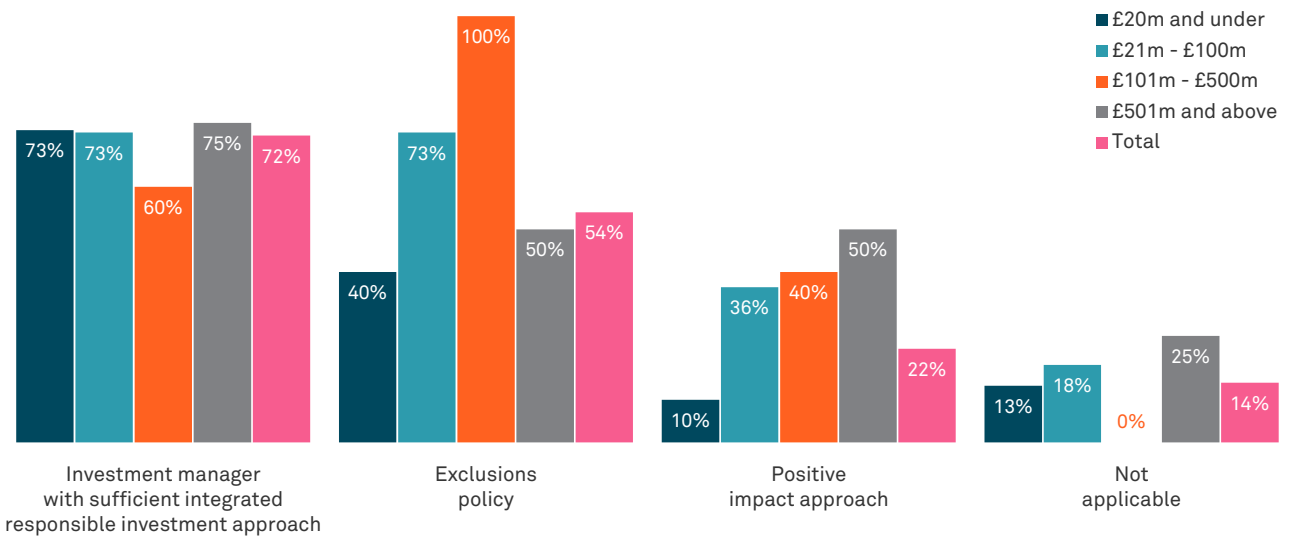
<sup>34</sup> Are you influenced by any of the below when managing your investment portfolio?



Data set: No. of respondents: 2025: 50

Looking at the adoption of these approaches by size of assets under management, we see a generally equal trend around the use of investment managers with an integrated approach, and more variation in the use of exclusions policies among charities of different sizes. However, there is a marked increase in the use of positive impact approaches as charities' assets under management rise, indicating at least some shift in approach as investment size increases. <sup>35</sup>

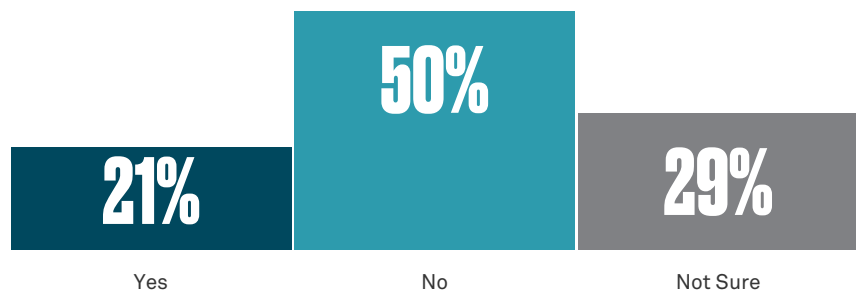
**35 Are you influenced by any of the below when managing your investment portfolio?**



Data set: No. of respondents: 2025: 50

Those charities making use of an investment manager with an integrated responsible investment approach are almost all happy with the outcomes: 91% (of the 72% that adopt this approach) intend to continue. In addition, 21% of charities that do not currently adopt this approach indicated that they intended to switch to a manager with a sufficient integrated responsible investment approach in future. <sup>36</sup>

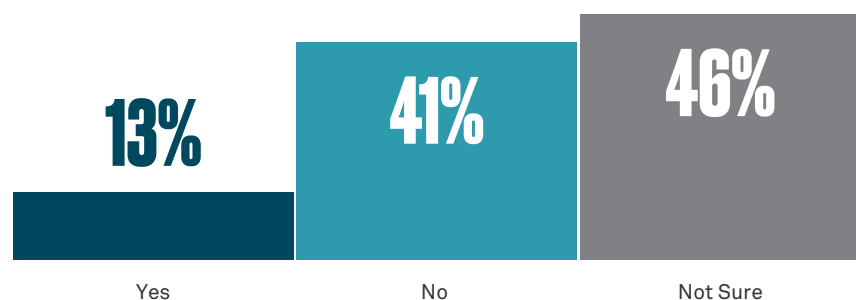
**36 Do you plan to select an investment manager with a sufficient integrated responsible investment approach?**



Data set: No. of respondents: 2025: 14

Most charities (90%) that adopt a positive impact approach are committed to continue using it. However, just 13% of charities not currently using one plan to do so in the future. <sup>37</sup>

**37 Do you plan to implement a positive impact approach?**

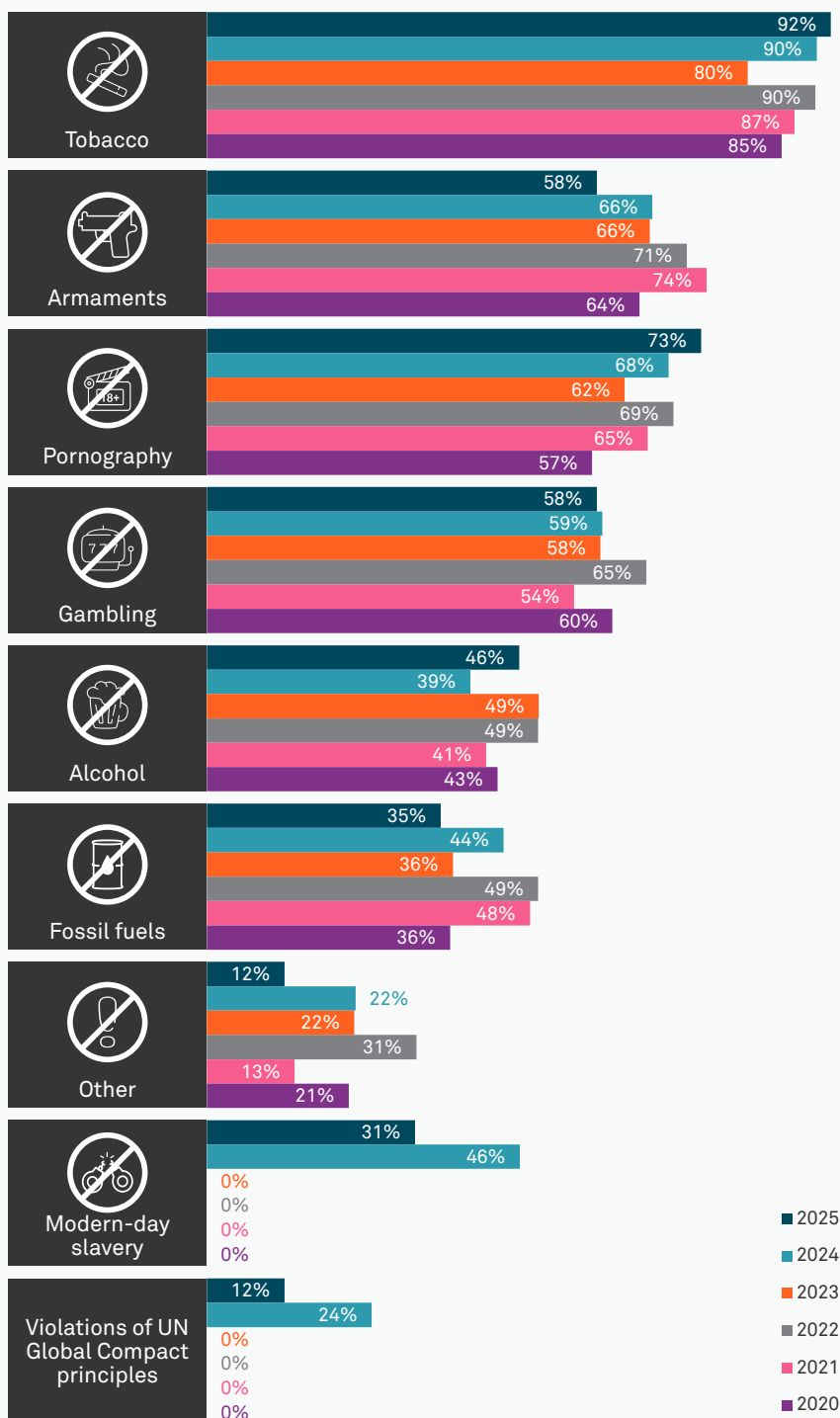


Data set: No. of respondents: 2025: 39

## EXCLUSIONS

Ethical exclusion policies remain an important part of how the charity sector is approaching responsible investing, and this year 54% of charities surveyed stated they have an ethical exclusion policy. Nevertheless, not all exclusion policies are the same, and this year has seen continued movement in the type of investments targeted by exclusion policies. Relative to 2024, we have seen a fall in the proportion of exclusion policies covering modern day slavery, armaments, and violations of UN Global Compact principles, but a rise in other exclusions including pornography, tobacco, and alcohol. <sup>38</sup>

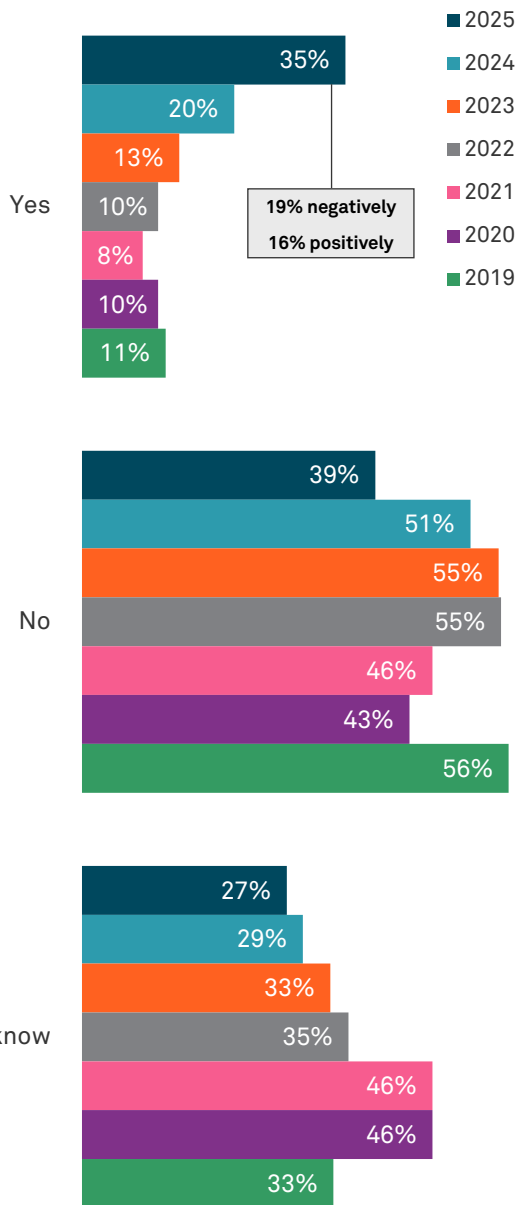
<sup>38</sup> Which, if any, of the following areas are covered by your ethical exclusion policy?



Data set: No. of respondents: 2020: 67, 2021: 46, 2022: 51, 2023: 55, 2024: 41, 2025: 26

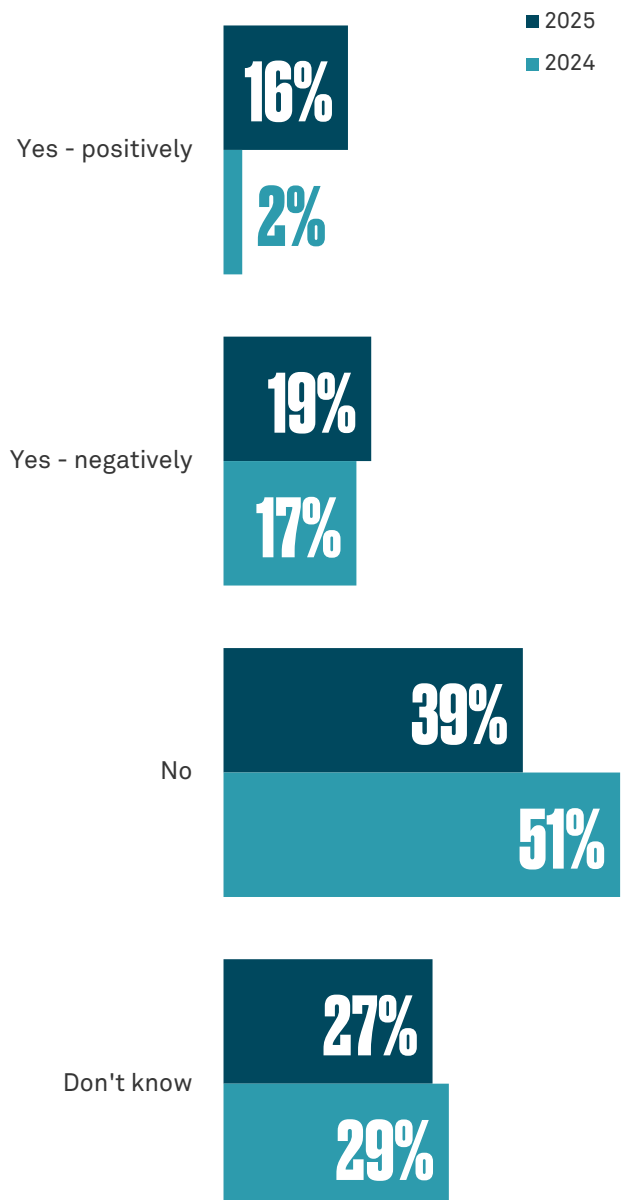
More broadly, in terms of the impact of exclusions on investments themselves, 2025 has seen a massive rise in the proportion of charities saying that exclusions have affected their investment returns, up from 20% in 2024 to 35% in this year's reporting. Importantly, there is no single story emerging here – the impact on returns is almost equally split between those charities seeing a positive effect (16%) and those reporting that returns have been affected negatively (19%). On a brighter note, there has been clear improvement year over year, with a significant increase in charities reporting that they have seen beneficial changes in their investment returns as a result of their exclusions policy. The proportion jumped from just 2% in 2024 to 16% this year, which is a much larger increase than among those charities noting negative effects. <sup>39</sup> <sup>40</sup>

**39 Have your ethical exclusions affected performance?**



Data set: No. of respondents: 2019: 57, 2020: 67, 2021: 46, 2022: 51, 2023: 55, 2024: 41, 2025: 26

**40 Have your ethical exclusions affected performance? – Historical positive versus negative impact**



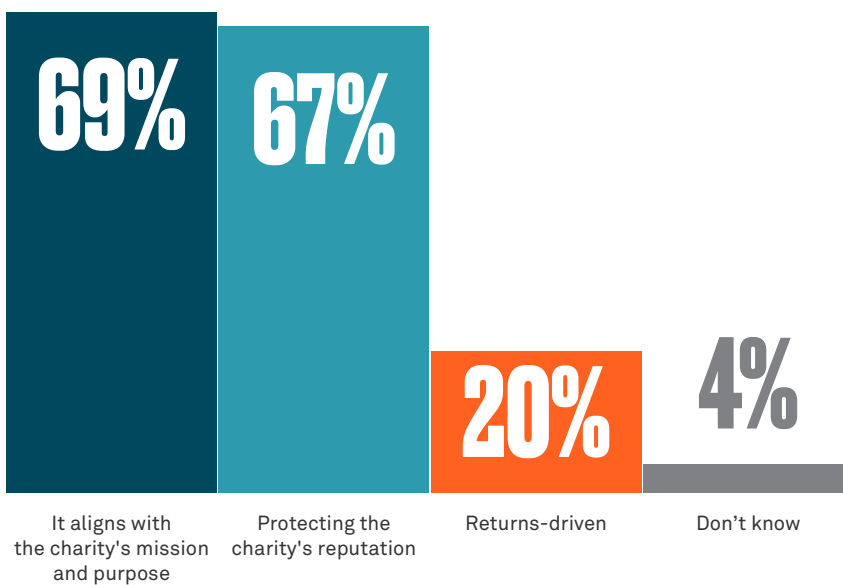
Data set: No. of respondents: 2024: 41, 2025: 26

69%

of charities report alignment with the charity's mission or purpose as a reason for implementing an exclusion policy



41 Why do you have this approach to responsible investment?

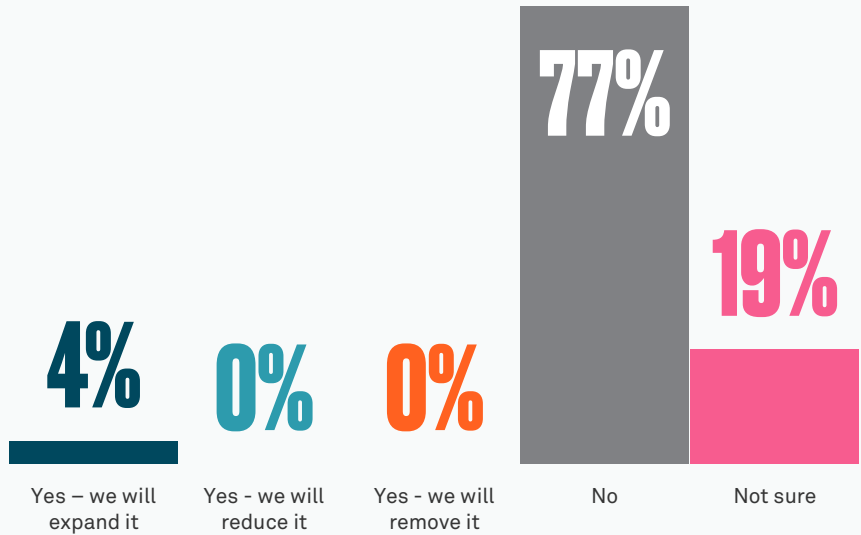


Among those charities with an exclusions policy, two factors are acting as clear drivers of that choice. Alignment with the charity's mission or purpose is reported as a reason for the implementation of an exclusions policy by 69% of charities, while the protection of the charity's reputation plays a role for 67%. This indicates that practical, reputational factors and those relating to broader sector purposes are in play. 41

Data set: No. of respondents: 2025: 49

Exclusion policies look set to continue to play a role in the sector's approach. No charities with an exclusion policy in our sample intend to remove or reduce their current policy. A small group (4%) even plan to expand it. <sup>42</sup>

<sup>42</sup> Do you plan on changing your approach with regards to your exclusions policy?

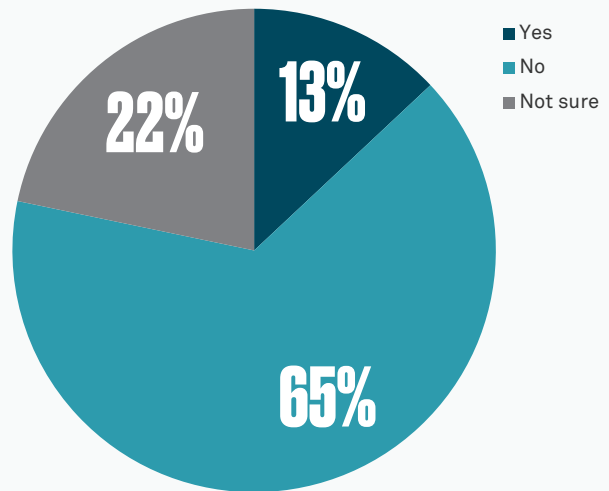


Data set: No. of respondents: 2025: 26

As we have seen historically, for charities without a policy in place already, uptake remains relatively slow. Only 13% of charities without a policy plan to implement one in the near future and the majority (65%) have no such plans at all <sup>43</sup>

<sup>43</sup> Do you plan to implement an exclusion policy?

**13%**  
of charities without an exclusion policy plan to implement one in the near future



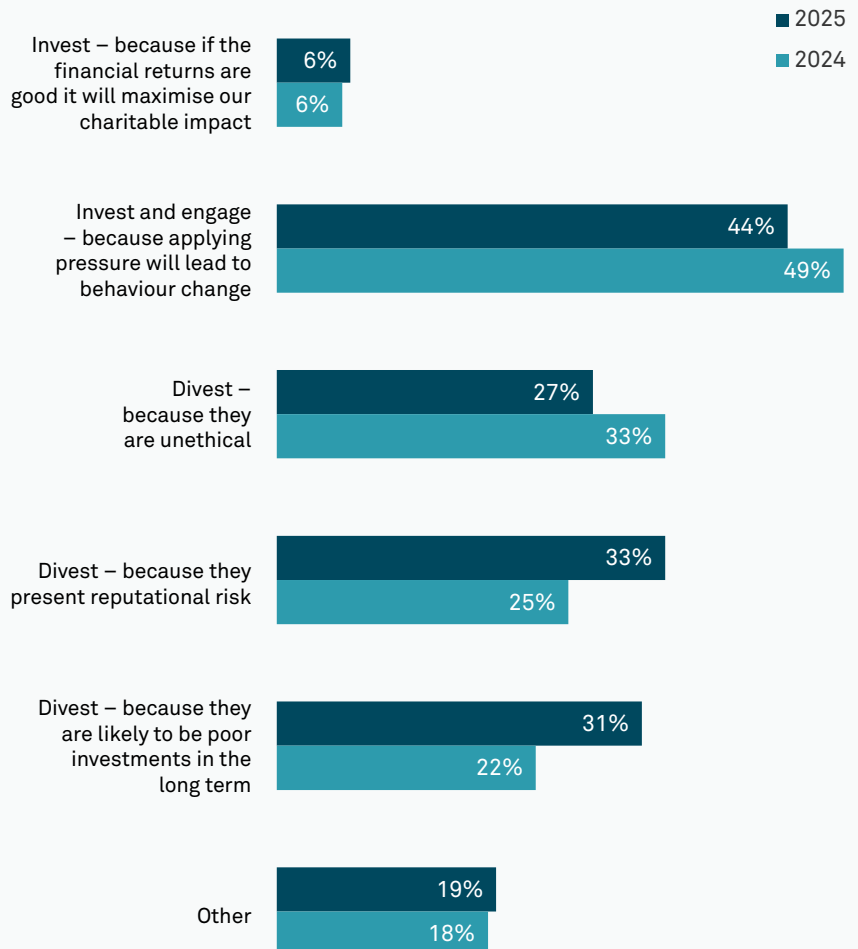
Data set: No. of respondents: 2025: 23

## SUSTAINABILITY AND GOVERNANCE METRICS

Environmental, social, and governance criteria (ESG) continue to play a role in how charities engage both with their investments and their broader internal operations.

The proportion of charities which say they are willing to invest in companies performing poorly on these metrics has declined slightly this year. Investing and engaging with companies remains a key approach for just under half of charities (44%). Nevertheless, many of our responders also indicated that charities may choose to divest from companies which perform poorly in relation to these factors, and increasingly this is because of reputational or investment-related issues (rather than ethical concerns). <sup>44</sup>

<sup>44</sup> If a company scores 'badly' on environmental, social and governance criteria we should...

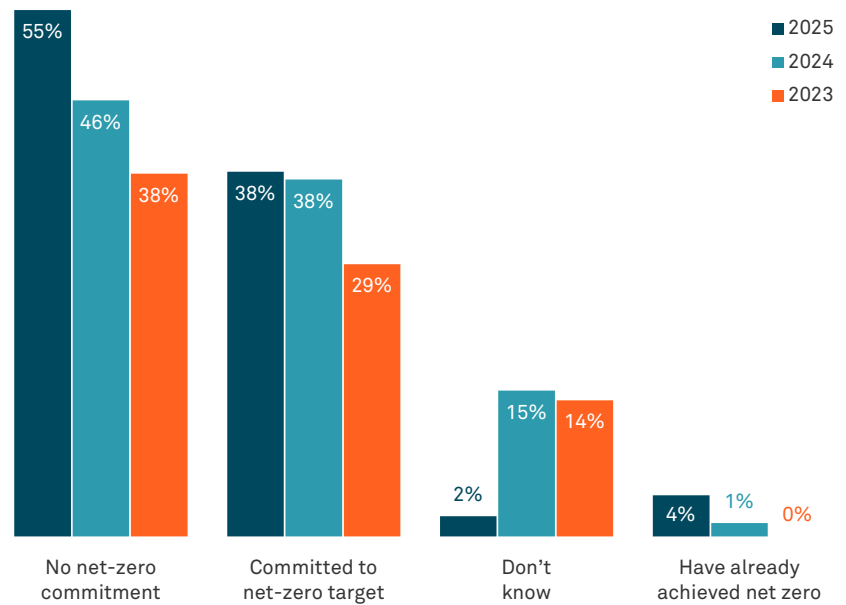


Many of our responders also indicated that charities should divest.”

Data set: No. of respondents: 2024: 72, 2025: 48

This year there has been a marked rise in the proportion of charities indicating they have no active net-zero policy. This marks the second year of such an increase and, for the first time since this question was initially asked in 2023, over half (55%) of charities now fall into this bracket. At the other end of the spectrum we do, however, see a small increase in the proportion of charities saying they have achieved net zero, now at 4% of the sample. <sup>45</sup>

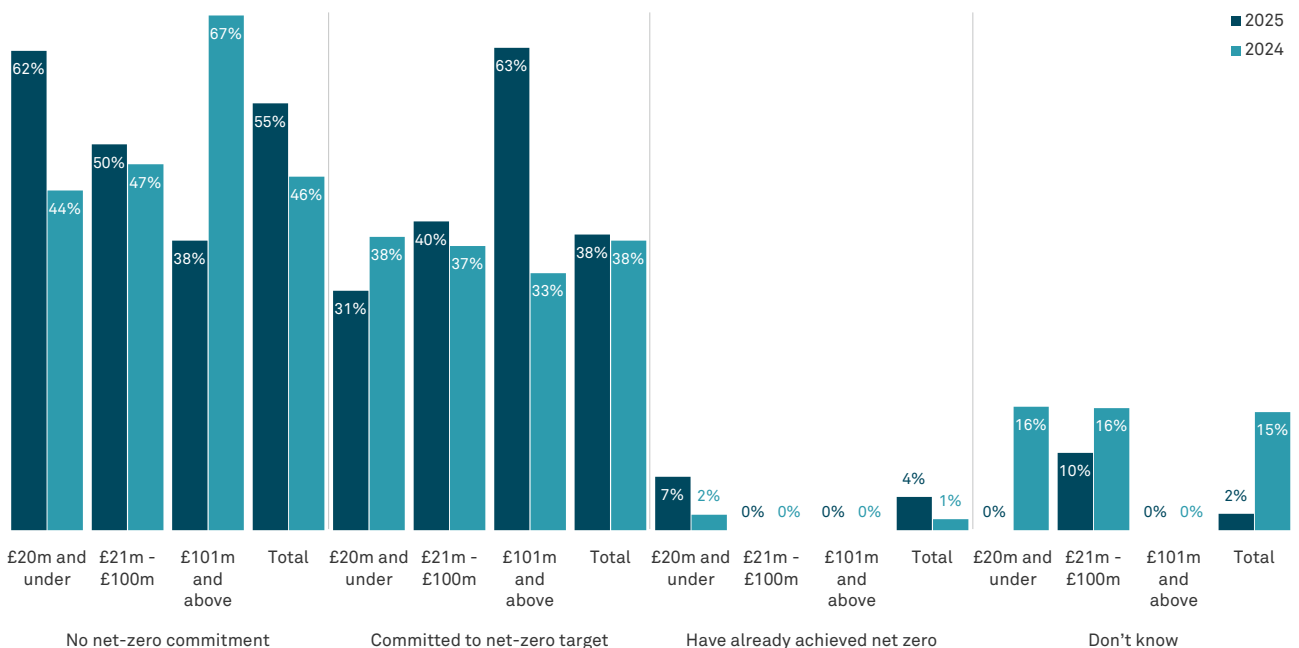
**45 Which of the following most closely describes your charity's net-zero commitment?**



Data set: No. of respondents: 2023: 84, 2024: 72, 2025: 47

Nevertheless, there has been a notable increase in adoption of net-zero commitments among larger charities (£101 million in assets under management and above) and a general trend upwards in this group since 2024. <sup>46</sup>

**46 Which of the following most closely describes your charity's net-zero commitment? Historical by size of assets**



Data set: No. of respondents: 2024: 72, 2025: 47

---

# MORE ABOUT THE SURVEY

## METHODOLOGY

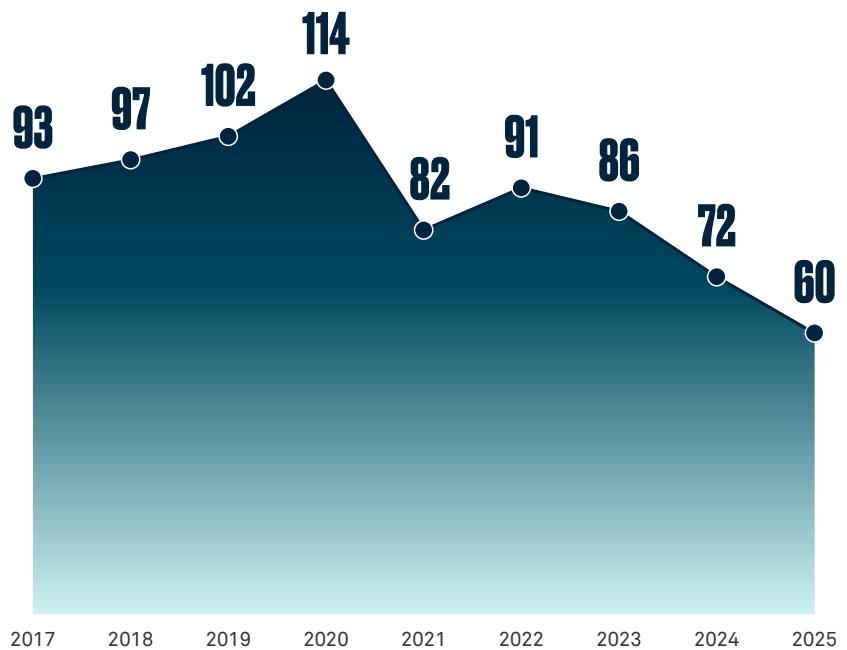
In line with the previous 11 years of the survey, data was collected using an online questionnaire. Fieldwork took place between 6 October and 3 December 2025, with a record date for annual investment performance data of 31 March 2025.

### Sample details

The number of responses to this year's survey stands at 60 – a decrease from the 72 responses seen in 2024. With the respondent level still below the pre-pandemic peak, this represents a further year in which external pressures appear to be placing a burden on trustee workloads and their capacity for participation, with the timing of this year's survey (later in the year) also likely to have had an impact on engagement.

### Response volume

Annual sample size

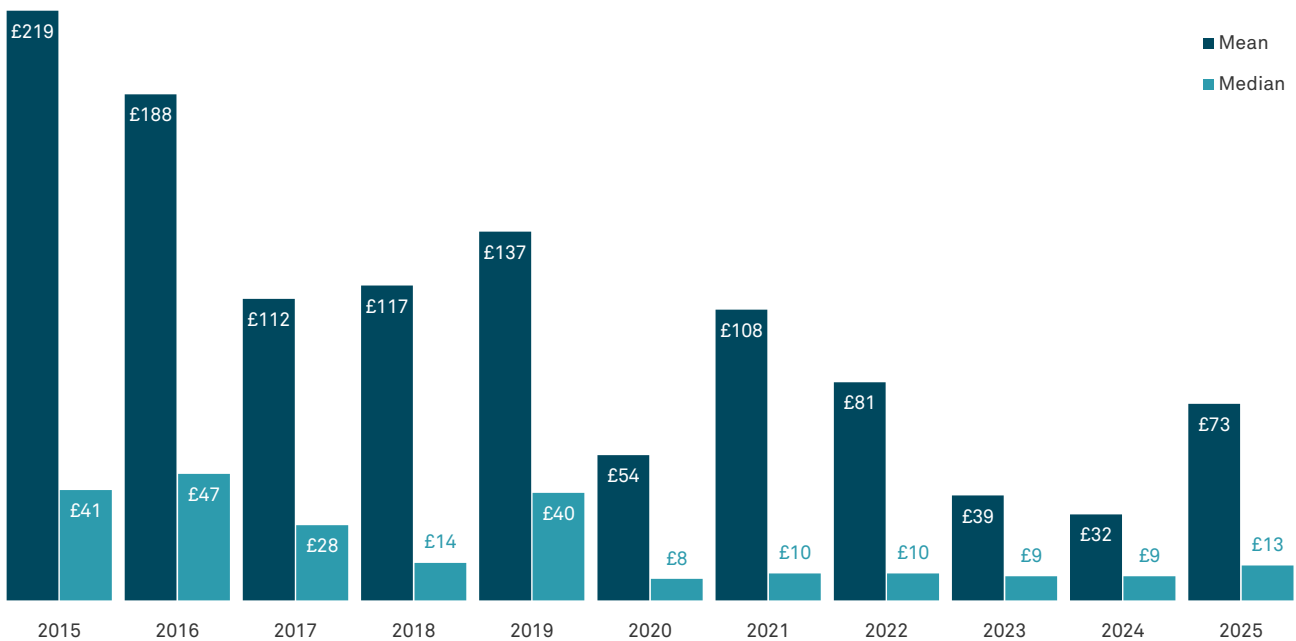


Data set: No. of respondents: 2017: 93, 2018: 97, 2019: 102, 2020: 114, 2021: 82, 2022: 91, 2023: 86, 2024: 72, 2025: 60

The total investment assets held by charities within the final sample increased to £41.9 billion in 2025, up from £2.3 billion in 2024. This significant increase can be attributed to a notable rise in the proportion of charities with higher levels of investment assets engaged with over the course of the fieldwork period: charities with assets under management totalling £101 million or more accounted for 17% of the sample in 2025, compared to just 4% in 2024.

The average charity in this year's survey has assets of £73 million under management, up from £32 million in 2024. While the upper bounds of our sample have increased significantly, median assets under management have remained more closely in line with the last four years of surveys at £13 million, indicating continued engagement from smaller charities.

### Mean and median assets under management 2015-2025 (£ millions)



Data set: No. of respondents: 2015: 94, 2016: 80, 2017: 93, 2018: 97, 2019: 102, 2020: 114, 2021: 82, 2022: 91, 2023: 86, 2024: 72, 2025: 60

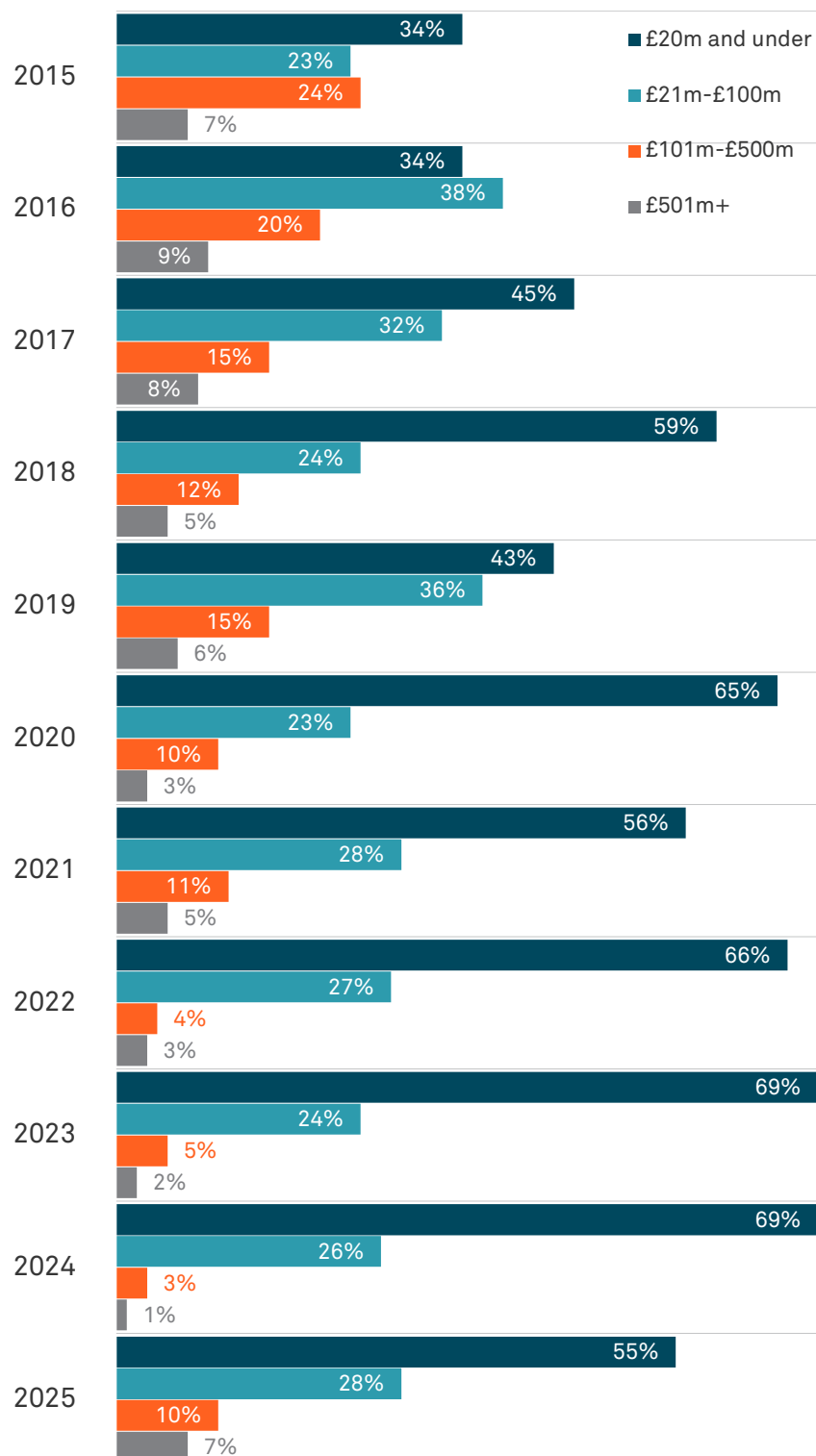
The 2025 distribution of charities by the size of their assets is:

<b>£20M AND UNDER</b>	<b>55%</b>
<b>£21M-£100M</b>	<b>28%</b>
<b>£101M-£500M</b>	<b>10%</b>
<b>£501M</b>	<b>7%</b>

Data set: No. of respondents: 2025: 60

The breakdown by charity size has, in line with other changes to our sample, shifted this year. 55% of our sample hold assets of £20 million and under – a notable decrease compared to the 69% seen in 2024. Charities with assets of between £21 million and £100 million make up just over a further quarter (28%) of the sample. Larger charities make up a more significant proportion of our sample in 2025, with those holding assets of between £101 million and £500 million accounting for 10% of the group, and charities with assets of over £501 million at 7%, their highest level since 2017.

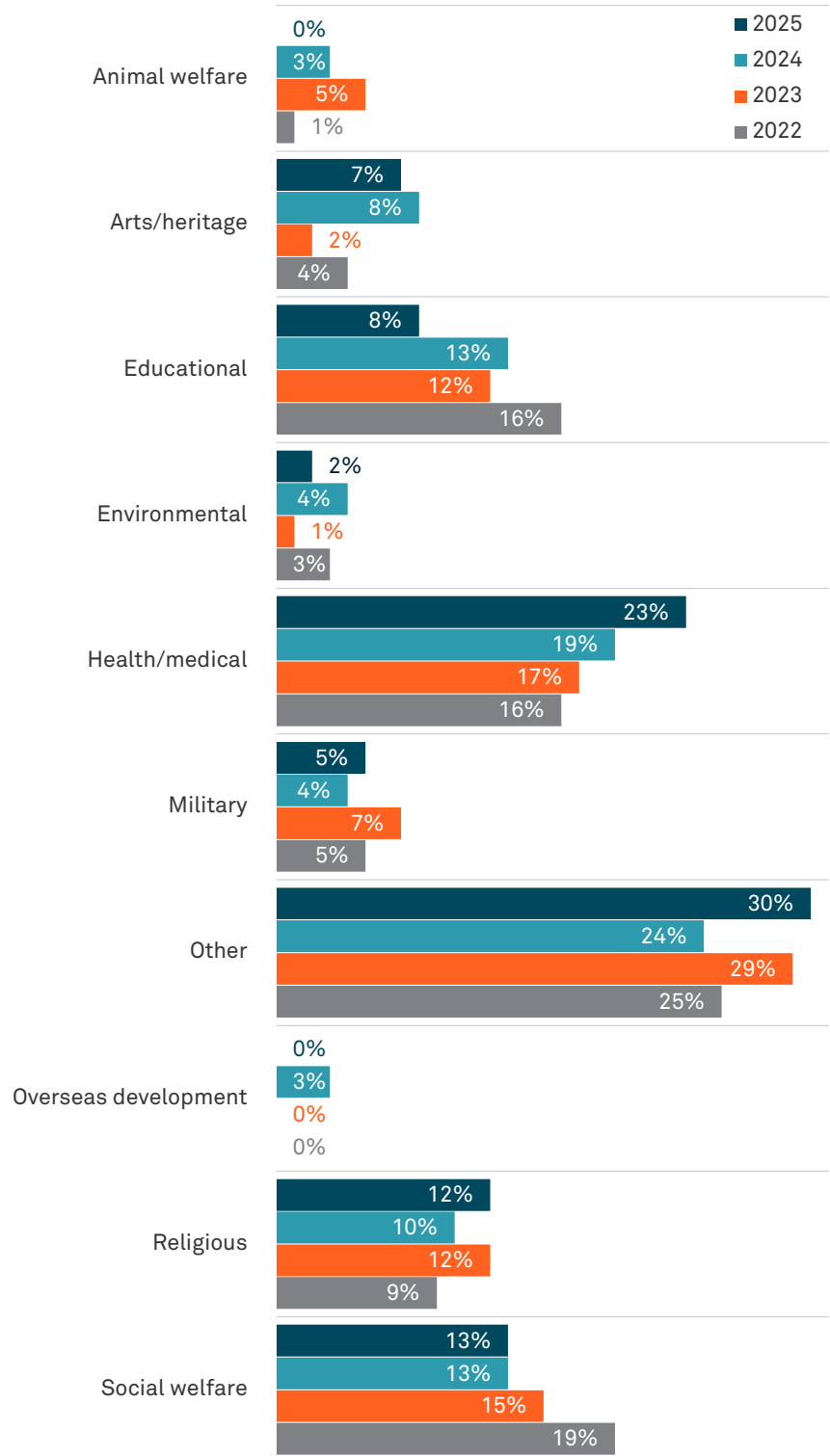
### Charity size distribution 2015-2025



Data set: No. of respondents: 2015: 94, 2016: 80, 2017: 93, 2018: 97, 2019: 102, 2020: 114, 2021: 82, 2022: 91, 2023: 86, 2024: 72, 2025: 60

This year, health and medical charities remain the most prominent charity type in the survey, representing 23% of respondents and continuing the trend of increased engagement in the survey by this section of the charity ecosystem. Educational charities have seen a minor decline, down to 8%.

### Charity type 2022-2025



Data set: No. of respondents: 2022: 91, 2023: 86, 2024: 72, 2025: 60

---

# GLOSSARY

## **Alternatives**

An alternative is a financial asset that does not fall into one of the conventional investment categories, such as equities or bonds.

## **Asset allocation**

An investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an investor's goals, risk tolerance, and investment horizon.

## **Asset(s)**

In this context, investments held in a portfolio, for example stocks, bonds, property and cash.

## **Asset class**

A grouping of investments that exhibit similar characteristics and are subject to the same laws and regulations.

## **Benchmark**

A baseline for comparison against which a portfolio can be measured.

## **Bond(s)**

A loan of money by an investor to a company or government for a stated period of time in exchange for a fixed interest rate payment and the repayment of the initial amount at its conclusion.

## **Commodity/Commodities**

An asset in the form of a raw material that can be bought and sold such as gold, oil, coffee, wheat, etc.

## **Diversified/Diversification/Diversifiers**

Investing in a variety of companies or financial instruments, which typically perform differently from one another.

## **Dividend(s)**

A sum paid regularly by a company to its investors as a reward for holding its shares.

## **Engagement (ESG context)**

The purposeful dialogue that investors can have with companies, through which they seek to reduce risk or unlock value in an investment.

## **Environmental, social and governance (ESG) analysis**

The analysis of a business's impact on the environment and society as well as the quality of its governance.

## **Equity/Equities**

Shares issued by a company, representing an ownership interest.

## **Ethical exclusions**

Intentionally barring specific companies, industries or sectors from a portfolio due to business activities that violate an investor's moral, religious or social values.

## **Fixed income**

Broadly refers to those types of investment security that pay investors fixed interest or dividend payments until their maturity date.

## **Government bonds**

A loan of money by an investor to a government for a stated period of time in exchange for a (generally) fixed rate of interest and the repayment of the initial amount at its conclusion.

## **Hedge funds**

A type of alternative investment fund that pools investor capital and employs a wide range of advanced investment techniques with the goal of enhancing returns and managing risk.

## **Inflation/Inflationary**

The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

## **Net zero**

Achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it. This balance – or net zero – will happen when the amount of carbon added to the atmosphere is no more than the amount removed.

## **Portfolio**

A collection of investments.

## **Private equity**

An alternative investment class that invests in or acquires private companies that are not listed on a public stock exchange.

## **Responsible investment**

An approach to investment decision-making that considers environmental, social and governance (ESG) factors where these are deemed financially material and within the investment mandate set by clients.

## **Return(s)/Returned**

The gain or loss from an investment over a stated period of time – expressed in either percentage or cash terms.

## **Security/Securities**

A tradable financial asset such as a share in a company or a fixed income security also known as a bond.

## **Share(s)**

Also known as equity, is a security representing the ownership of a fraction of a company listed on the stock market.

## **Stock**

Also known as equity, is a security that represents the ownership of a fraction of the issuing corporation.

## **Total return(s)**

The term for the gain or loss derived from an investment over a particular period. Total return includes income (in the form of interest or dividend payments) and capital gains.

## **Volatile/Volatility**

Large and/or frequent moves up or down in the price or value of an investment or market.

---

# CONTACT US

Now that you have read our review of the survey, we would be delighted to hear your views.

**James Mitchell**

**Client director**

T: 020 7163 2009

E: james.mitchell@bny.com

**David Moylett**

**Client director**

T: 020 7163 3795

E: david.moylett@bny.com

**Erika An**

**Client director**

T: 020 7163 1425

E: erika.an@bny.com

**Charities team**

T: 020 7163 6377

E: newton.charities@bny.com

## Important information

These opinions should not be construed as investment or any other advice and are subject to change. This document is for information purposes only. Any reference to a specific security, country or sector should not be construed as a recommendation to buy or sell investments in those securities, countries or sectors.

Issued in the UK by Newton Investment Management Limited, 160 Queen Victoria Street, London, EC4V 4LA. Registered in England No. 01371973. Newton Investment Management Limited is authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN and is a subsidiary of The Bank of New York Mellon Corporation. 'Newton' and/or 'Newton Investment Management' and/or 'BNY Investments Newton' is a corporate brand which refers to the following group of affiliated companies: Newton Investment Management Limited (NIM) and Newton Investment Management North America LLC (NIMNA). NIMNA was established in 2021.

