

**Chief Executive: Dr Ann Black**

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If calling please ask for  
**Edna Flaws**  
Direct Dial: 01595 744994

Date: 11 February 2026

Our Ref: TA48

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Charitable Trust**  
**22-24 North Road, Lerwick, ZE1 0NQ**  
**Thursday 19 February 2026 at 11.00am**

Apologies for absence should be notified to Edna Flaws on 01595 744994.

*(Please note that an invitation will be sent separately to Trustees who require to attend via Zoom)*

Yours faithfully

(signed) Dr Ann Black  
Chief Executive

## **AGENDA**

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest.  
*(Trustees are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Trustee making a declaration of interest should indicate whether it is a financial or non-financial interest and include*

*some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.)*

- (d) Confirm minutes of meeting held on 20 November 2025 (*enclosed*).

***For Information***

1. Investment Performance Update – Nine Months to 31 December 2025. *Report enclosed.*
2. Management Accounts – Nine Months to 31 December 2025. *Report enclosed.*
3. Capital Works Bridging Loan Scheme Update. *Report enclosed.*

*The following items contain **CONFIDENTIAL** information*

***For Decision***

4. Large Grant Scheme 2026/27 – Outcome Evaluation Plans. *Report enclosed.*
5. Strategic Risk Management Annual Review. *Report enclosed.*
6. Large Grant Scheme – Grant Reassignment. *Report enclosed.*
7. Implementation of External Investment Review. *Report enclosed.*
8. Recruitment of Trustees. *Report enclosed.*

***For Information***

9. Update from Chairs of Advisory Committees.
10. Update from Subsidiary Companies.

## **REPORT**

**To:** Shetland Charitable Trust

**Date:** 19 February 2026

**From:** Chief Executive

**Report:** CT2602001

### **Investment Performance Update – Nine Months to 31 December 2025**

#### **1. Introduction**

1.1 The Trust's external investments are managed on its behalf by fund managers. The purpose of this report is to review investment performance for the nine months to 31 December 2025.

#### **2. Market Performance**

2.1 For the quarter ended 31 December 2025 (Q4), global equity markets advanced overall; however, momentum moderated towards the end of the period amid increased scrutiny of equity valuations, the stage of the economic cycle, and uncertainty regarding the sustainability of returns from AI-related investments.

2.2 Markets entered 2026 with a cautious tone, as analysts anticipated ongoing volatility driven by policy uncertainty, particularly in relation to US trade policy and the future path of interest rates.

2.3 The quarter was also characterised by continued geopolitical instability. Key risks included the ongoing Russia–NATO conflict and, most notably, the escalation of strategic competition between the US and China, alongside rising trade protectionism.

#### **3. Overall External Fund Performance**

3.1 This report concentrates on the nine months from April 2025 to December 2025. However, as the Trust is a long-term investor, the report also considers the performance over one, three and five years.

3.2 The Trust has four fund managers with total investments under management at the end of December 2025 of £486.4 million. The funds, type of mandate and market values at the end of December 2025 are as follows:

<b>Manager</b>	<b>Mandate</b>	<b>Market Value Dec 2025 (£m)</b>	<b>% of Reserves</b>
Baillie Gifford	Active Equities	230.3	47.4
BlackRock	Passive Equities	126.9	26.1
Schroders	UK Property	56.1	11.5
Partners	Private Credit	73.1	15.0
<b>Total</b>		<b>486.4</b>	<b>100.0</b>

3.3 The return on the Trust's external investments over the nine month period was 13.9%.

3.4 The Trust's Financial Plan 2025-30 assumes a medium term return of 7.5% per annum. This is the return the Trust seeks over the medium term to meet its planned expenditure and to preserve the value of reserves in real terms.

3.5 The Trust also agrees a benchmark return for each fund manager to assess their performance against. Detailed below are the overall returns achieved against the combined benchmark:

<b>Annualised Performance over</b>	<b>Actual Return %</b>	<b>Benchmark Return %</b>	<b>Over/ (Under) Performance %</b>
9 Months	13.9	15.3	(1.4)
1 Year	6.7	14.8	(8.1)
3 Years	13.9	12.6	1.3
5 Years	3.7	9.8	(6.1)

3.6 Short-term returns have exceeded the Financial Plan's target; however, performance has lagged the composite benchmark. On a one-year basis, market volatility in the first quarter of 2025 meant that neither the Financial Plan's target return nor the benchmark return was achieved. Over longer time horizons, the Trust's external investments have outperformed the composite benchmark and exceeded the target return over three years, although this outperformance has not been sustained over a five-year period.

#### **4. Fund Manager Performance Baillie Gifford**

4.1 Baillie Gifford has an active equity mandate which invests in around 30-50 shares throughout the world. The benchmark for Baillie Gifford is the MSCI All Country World Index.

4.2 Detailed below is Baillie Gifford's performance for the last nine months, one year, three years and five years.

<b>Annualised Performance over</b>	<b>Actual Return %</b>	<b>Benchmark Return %</b>	<b>Over/(Under) Performance %</b>
9 Months	19.6	19.0	0.6
1 Year	9.3	13.9	(4.6)
3 Years	22.3	16.3	6.0
5 Years	2.7	11.5	(8.8)

4.3 Baillie Gifford returned 19.6% over the nine months to 31 December 2025, compared to the broad market return of 19.0%, which was 0.6% above the benchmark return.

- 4.4 Over the three year period, Baillie Gifford have returned 82.9%, equivalent to a return of 22.3% per annum. Over the five year period Baillie Gifford have returned 14.3%, equivalent to a return of 2.7% per annum.

## 5. Fund Manager Performance BlackRock

- 5.1 The fund with BlackRock is invested passively in equities, and the product invested in is the iShares MSCI World SRI UCITS EFT. This fund focuses on “socially responsible investment” (SRI).
- 5.2 The benchmark for this fund is the MSCI World SRI Select RFF Index. However, this is not currently available to Northern Trust and therefore it has been agreed that they will continue to use the previous benchmark, which is made up of the All Share indices in each region the funds are invested in.
- 5.3 Detailed below is BlackRock’s performance for the last nine months, one year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
9 Months	15.7	18.4	(2.7)
1 Year	7.4	20.3	(12.9)
3 Years	12.5	13.8	(1.3)
5 Years	8.3	11.0	(2.7)

- 5.3 The mandate with BlackRock over the nine months to 31 December 2025 produced a return of 15.7%, which was below the benchmark for the period.
- 5.4 Over the last three years, BlackRock have returned 42.4%, equivalent to a return of 12.5% per annum. Over the five year period BlackRock have returned 49.0%, equivalent to a return of 8.3% per annum.

## 6. Fund Manager Performance Schroders

- 6.1 Schroders invests in property via a fund of funds approach where they invest in various different property funds to spread investment risk. The Benchmark for Schroders is the IPD UK All Balanced Fund Index.
- 6.2 Detailed below is Schroders’ performance for the last nine months, one year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
9 Months	1.0	3.5	(2.5)
1 Year	(0.5)	5.1	(5.6)
3 Years	1.9	3.0	(1.1)
5 Years	2.9	3.3	(0.4)

- 6.3 Over the six months to 31 December 2025 Schroders have returned 1.0%, which was 2.5% below the property benchmark.

- 6.4 The Trust issued Schrodgers with a redemption instruction on 15 August 2024 to terminate the investment management agreement. A redemption strategy is being progressed, and this will impact on returns achieved by the Trust's investment.
- 6.5 Over the last three years, Schrodgers have returned 5.8%, equivalent to a return of 1.9% per annum. However, over the five year period Schrodgers have returned 15.4%, equivalent to a return of 2.9% per annum.

## 7. Fund Manager Performance Partners

- 7.1 The appointment of Partners Group as Fund Manager for the Trust's Private Credit mandate was completed in April 2025, and funds were transferred on 2 June 2025.
- 7.2 The benchmark return for Partners is defined as an annual return of SONIA (Sterling Overnight Index Average) plus 4.5%.
- 7.3 Detailed below is Partners performance for the six months from inception.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	4.3	5.0	(0.7)
1 Year	n/a	n/a	n/a

- 7.4 The mandate with Partners over the six months to 31 December 2025 produced a return of 4.3%, which was below the benchmark for the period.

## 8. Financial Implications

- 8.1 The long-term investments and their performance are important to the Trust and the achievements of its outcomes and objectives.
- 8.2 The Trust undertook an External Investment Review during 2024, and the recommendations of this review were approved at the Trust meeting held on 12 September 2024 (CT2409024). A new Investment Plan 2025-2030 (CT249025) was also approved on 12 September 2024 which agreed changes to the investment portfolio. These will be implemented during the Strategy period.
- 8.3 The Investment Plan for the Trust is overseen by the Investment Advisory Committee (IAC), who meet regularly and report to the Board of Trustees. It is recognised that the actual investment performance each year will be different to what is expected. The IAC monitor the medium to long term performance against the Trust's objectives.

## 9. Recommendations

- 9.1 Trustees are asked to note this report.

# REPORT

To: Shetland Charitable Trust

Date: 19 February 2026

From: Chief Executive

Report: CT2602002

## Management Accounts – Nine Months to 31 December 2025

### 1 Introduction

1.1 The purpose of this report is to present Shetland Charitable Trust's (the Trust) Management Accounts for the nine months ended 31 December 2025, for noting. These Management Accounts deal with all income and expenditure of the Trust.

### 2 Management Accounts

2.1 Table 1 below shows the Summary Budget for the Trust for 2025/26 and the results in the nine months to 31 December 2025.

**Table 1: Summary Management Accounts 2025/26**

<b>Item</b>	<b>Annual Budget £m</b>	<b>Actual to Dec 2025 £m</b>
Income	2.5	2.0
Disbursements	(9.8)	(9.5)
Management and Administration	(1.1)	(0.8)
Fund Managers Fees	(1.9)	(1.3)
Gain/(Loss) on Investments	25.2	57.9
<b>Total</b>	<b>14.9</b>	<b>48.3</b>

2.2 A more detailed analysis of the figures above is set out in Appendix A.

2.3 In the nine months ended 31 December 2025 the Trust made a gain on its investments of £48.3m.

### 3 Financial Implications

3.1 No direct financial implications flow from this information report.

#### **4 Recommendations**

- 4.1 Trustees are asked to note the Trust's financial position at the nine months ended 31 December 2025 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT2602002



**Shetland  
Charitable Trust**

Management Accounts  
9 Months Ended 31 December 2025

**Shetland Charitable Trust  
Income and Expenditure  
Period to 31 December 2025**

	9 Month Actual £	9 Month Budget £	Variance £	Annual Budget £
<b>Income</b>				
Managed fund dividends	0	0	0	0
Managed fund interest *	1,584,242	1,500,000	84,242	2,000,000
Local equity gift aid	20,000	37,500	-17,500	50,000
Rental income	231,437	337,500	-106,063	450,000
Bank interest	139,387	0	139,387	0
Miscellaneous income	283	0	283	0
	<u>1,975,349</u>	<u>1,875,000</u>	<u>100,349</u>	<u>2,500,000</u>
<b>Expenditure</b>				
Disbursements	-9,499,897	-9,777,500	277,603	-9,815,000
Management and administration	-770,136	-816,000	45,864	-1,088,000
Fund managers	-1,317,916	-1,385,250	67,334	-1,847,000
	<u>-11,587,949</u>	<u>-11,978,750</u>	<u>390,801</u>	<u>-12,750,000</u>
Gain on investments	57,930,224	18,866,250	39,063,974	25,155,000
<b>Surplus/(Deficit)</b>	<u><u>48,317,624</u></u>	<u><u>8,762,500</u></u>	<u><u>39,555,124</u></u>	<u><u>14,905,000</u></u>

\* Managed Fund Interest is not cash funds received by the Trust. It represents income that the fund managers receive (mainly property rental), that for Accounting purposes the Trust is required to show as income. These funds are reinvested by the fund managers.

**Shetland Charitable Trust**  
**Balance Sheet**  
**Period to 31 December 2025**

	Dec-25	
	£	£
Tangible fixed assets		23,000
Investments		<u>498,003,890</u>
		498,026,890
Trade debtors	24	
Prepayments and Accrued income	277,721	
Other debtors	855,024	
Bank	<u>1,379,493</u>	
	2,512,262	
Trade creditors	312,862	
Accruals and Deferred income	3,021,002	
Other creditors	<u>123</u>	
	3,333,987	
Net current assets		<u>-821,725</u>
		497,205,165
Pension liability		0
		<u>497,205,165</u>
Opening reserves		448,887,541
Surplus for period		<u>48,317,624</u>
Closing reserves		<u>497,205,165</u>

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**Shetland Charitable Trust**  
**Income**  
**Period to 31 December 2025**

	9 Month Actual £	9 Month Budget £	Variance £	Annual Budget £
<b><u>Income</u></b>				
Shetland Heat Energy and Power Ltd	20,000	37,500	-17,500	50,000
<b><u>Rental Income</u></b>				
Sullom Voe Site	230,937	337,125	-106,188	449,500
Shetland Golf Course	500	500	0	500
<b><u>Other Income</u></b>				
Bank Interest	139,387	-	139,387	-
Miscellaneous	-	-	0	-
	<u>390,823</u>	<u>375,125</u>	<u>15,698</u>	<u>500,000</u>

**Shetland Charitable Trust  
Disbursements  
Period to 31 December 2025**

	9 Month Actual £	9 Month Budget £	Variance £	Annual Budget £
<b><u>Large Grant Scheme</u></b>				
Ability Shetland	90,000	90,000	-	90,000
Alzheimer Scotland	24,000	24,000	-	24,000
Clan Cancer Support	30,000	30,000	-	30,000
COPE Limited	265,000	265,000	-	265,000
Dogs Against Drugs	22,000	22,000	-	22,000
Gaada	31,000	31,000	-	31,000
Mind Your Head	66,000	66,000	-	66,000
Moving On	40,000	40,000	-	40,000
OPEN Project	40,000	40,000	-	40,000
Royal Voluntary Service	60,000	60,000	-	60,000
Shetland Amenity Trust	1,300,000	1,300,000	-	1,300,000
Shetland Arts Development Agency	1,018,547	1,050,000	31,453	1,050,000
Shetland Befriending Scheme - 16+	18,000	18,000	-	18,000
Shetland Befriending Scheme - CYP	60,000	60,000	-	60,000
Shetland Bike Project	55,000	55,000	-	55,000
Shetland Care Attendants Schme	75,000	75,000	-	75,000
Shetland Community Connections	19,000	19,000	-	19,000
Shetland Islands Citizen Advice Bureau	335,000	335,000	-	335,000
Shetland Islands Council Rural Care Model	1,820,000	1,820,000	-	1,820,000
Shetland Link Up	61,000	61,000	-	61,000
Shetland Recreational Trust	3,490,658	3,690,000	199,342	3,690,000
Shetland Women's Aid	140,000	140,000	-	140,000
The Compass Centre	41,000	41,000	-	41,000
The Swan Trust	31,000	31,000	-	31,000
Voluntary Action Shetland - Core	105,000	105,000	-	105,000
Voluntary Action Shetland - Market House	110,000	110,000	-	110,000
Voluntary Action Shetlnad - Carers Service	25,000	50,000	25,000	50,000
Who Cares? Scotland	18,500	37,000	18,500	37,000
<b>Sub Total Large Grant Scheme</b>	<b>9,390,705</b>	<b>9,665,000</b>	<b>274,295</b>	<b>9,665,000</b>
<b><u>Small Grant Scheme</u></b>	50,274	56,250	5,976	75,000
<b><u>Innovation Grant Scheme</u></b>	19,834	56,250	36,416	75,000
<b><u>Capital Grant Scheme</u></b>	-	-	-	-
<b><u>Belmont Built Heritage Grant Scheme</u></b>	42,865	-	(42,865)	-
<b>Surplus Grants Refunded</b>	(3,781)	-	3,781	-
<b>Total</b>	<b>9,499,897</b>	<b>9,777,500</b>	<b>277,603</b>	<b>9,815,000</b>

**Shetland Charitable Trust**  
**Management and Administration Expenditure**  
**Period to 31 December 2025**

	9 Month Actual £	9 Month Budget £	Variance £	Annual Budget £
Basic Pay and Allowances	259,425	301,650	42,225	402,200
Professional Membership Fees	219	375	156	500
Staff recruitment	-	1,125	1,125	1,500
Travel and Subsistence	920	3,750	2,830	5,000
Training and Staff Development	770	3,900	3,130	5,200
<b>Sub Total Staffing Costs</b>	<b>261,334</b>	<b>310,800</b>	<b>49,466</b>	<b>414,400</b>
<b>Operating Costs</b>				
Insurance	10,677	12,375	1,698	16,500
Administration	4,398	6,563	2,164	8,750
Supplies and Services	4,721	4,500	-221	6,000
Bank Charges	169	300	131	400
Professional Fees	32,960	37,500	4,540	50,000
External Audit Fees	20,310	20,250	-60	27,000
Financial advice	15,000	37,500	22,500	50,000
Trustees Expenses	-	750	750	1,000
Meeting Expenses	963	1,688	724	2,250
Legal Fees	52,837	150,000	97,163	200,000
Trustee Recruitment Costs	-	1,125	1,125	1,500
<b>Sub Total Operating Costs</b>	<b>142,035</b>	<b>272,550</b>	<b>130,515</b>	<b>363,400</b>
<b>Property Costs</b>				
Energy Costs	3,822	2,925	-897	3,900
Water Rates	1,430	1,125	-305	1,500
Building Maintenance	270,461	146,250	-124,211	195,000
Cleaning	1,560	1,575	15	2,100
<b>Sub Total Property Costs</b>	<b>277,273</b>	<b>151,875</b>	<b>-125,398</b>	<b>202,500</b>
<b>Bad debt write off</b>	-	-	-	-
<b>Bought In Services</b>				
Treasury	30,000	15,750	-14,250	21,000
Payroll	638	638	0	850
Building Maintenance	38,438	38,438	0	51,250
Committee Services	5,625	5,625	0	7,500
ICT Services	5,607	7,500	1,893	10,000
Peninsula	1,787	1,770	-17	2,360
Public Relations	7,400	11,055	3,655	14,740
<b>Sub Total Bought In Services</b>	<b>89,494</b>	<b>80,775</b>	<b>-8,719</b>	<b>107,700</b>
<b>Total</b>	<b>770,136</b>	<b>816,000</b>	<b>45,864</b>	<b>1,088,000</b>

**Shetland Charitable Trust**  
**Investment expenses**  
**Period to 31 December 2025**

	9 Month Actual £	9 Month Budget £	Variance £	Annual Budget £
Management Expenses *	55,369	-	-55,369	-
Northern Trust fees	37,333	37,500	167	50,000
Insight / Partners fees	176,480	193,574	17,093	258,098
BlackRock *	190,387	180,302	-10,085	240,403
Schroders fees	94,836	245,657	150,822	327,543
Baillie Gifford fees	763,511	728,217	-35,294	970,956
	<u>1,317,916</u>	<u>1,385,250</u>	<u>67,334</u>	<u>1,847,000</u>

\* Managment Expenses and BlackRock Management Fees are not invoiced. It represents expenditure that the fund managers deduct, that for Accounting purposes the Trust is required to show as expenditure.



## REPORT

**To:** Shetland Charitable Trust

**Date:** 19 February 2026

**From:** Chief Executive

**Report:** CT2602003

### Capital Works Bridging Loan Scheme

#### 1. Introduction

- 1.1 The purpose of this report is to provide Trustees with an update of the Capital Works Bridging Loan Scheme.

#### 2. Background

- 2.1 On 18 March 2010, Trustees agreed to provide short term bridging finance to community organisations undertaking capital projects. The interest free loans are used to alleviate cash flow problems when secured grant funding is paid in arrears. (Min. Ref. CT15/10)
- 2.2 Funding for capital projects is often only released once work has been completed and invoices paid. This can create cash flow burdens for some organisations.
- 2.3 A total of £1 million was set as the maximum available at any one time.
- 2.4 At the Trust meeting on 27 February 2020 it was noted that in future, only the projects relating to the current financial year would be reported on rather than including all the historical information.
- 2.5 At the Trust Meeting on 25 November 2021, Trustees agreed to increase the maximum loan capital available at any one time under the Scheme to £1.5 million (CT2111026).

#### 3. Present Position

- 3.1 As at 1 April 2025, there were twelve loans outstanding.
- 3.2 In the period 1 April 2025 to 31 December 2025, six organisations were awarded a new loan.

3.3 In the period 1 April 2025 to 31 December 2025, seven organisations fully repaid their loans.

3.4 Some organisations are experiencing delays as a result of difficulty in securing contractors and materials. The Trust is in contact with all organisations to receive updates on repayments.

#### **4. Financial Implications**

4.1 There are no new financial implications arising from this report. However, it should be noted that the provision of interest free loans means that the capital involved is not generating investment returns.

4.2 As at 31 December 2025, Capital Works Bridging Loans totalling £855,023 are outstanding.

#### **5. Conclusion**

5.1 Six loans brought forward at 1 April 2025 remain active and five loans awarded in the current year are active.

#### **6. Recommendation**

6.1 Trustees are asked to note this report.

Reference: D19

Report Number: CT2602003