

## 1. Children

1.1 Following the hearing of an application for the approval of a settlement or compromise on behalf of a child, the judge completes form CFO 320 and the court will forward it to the Court Funds Office together with a request for investment decision (form CFO 212) which specifies which investment policy should apply from one of the following four options:

- Capital growth only - where no income is likely to be required from the fund prior to majority
- Capital growth and income - where some income is likely to be required from the fund prior to majority
- Maximum income - where regular income is likely to be required from the fund
- Place all funds on special - where there is less than £10,000 to invest and/or less than 5 years to majority or there is a specific request not to invest

1.2 The Accountant General then applies the investment framework set out in the following table:

	Less than 5 years to majority	5 to 6.5 years to majority	6.5 to 8 years to majority	8 years or more to majority
Capital growth only	Special	30%	50%	70%
Capital growth and income	Special	30%	30%	50%
Maximum income	Special	Special	Special	Special
Place all funds on special	Special	Special	Special	Special

**Note** - the percentage figures represent investment in the EITF\*

1.3 Money is only invested in the EITF where the child has £10,000 or more held in court and 5 years or more until majority.

1.4 By applying this framework, the Accountant General is able to provide a consistent and equitable service for the investment of damages awards to children. The most common reason for departing from the investment framework is where the court has indicated that the beneficiary is a Muslim child and has requested that the funds be placed either on cash or invested wholly in the EITF so as to avoid earning interest (investment in the EITF for such cases is only possible where the fund fits the criteria in 1.3).

1.5 An annual review is undertaken of all cases where funds have been invested in the EITF which results in a stepped reduction in the equity component as the child moves closer to majority, unless there is a specific direction not to disinvest. This reduces the equity risk given that the vast majority of children chose to take cash at majority.

## 2. Protected beneficiaries

2.1 Where the sum to be administered on behalf of a protected beneficiary (an adult who lacks capacity to manage and control any money recovered by him or on his behalf or for his benefit in civil proceedings) is less than £100,000, or over where the Court of Protection has directed that the fund be retained, it may be invested in the same way as the fund of a child.

2.2 Following the hearing of an application for the approval of a settlement or compromise on behalf of a protected beneficiary who is awarded less than £100,000, or over where the Court of Protection has directed that the fund be retained, the judge completes form CFO 320PB and the court will forward to the Court Funds Office a request for investment decision (form CFO 212) which specifies which investment policy should apply from one of the following four options:

- Capital growth only - where no income is likely to be required from the fund for over 10 years
- Capital growth and income - where some income is likely to be required from the fund within 5 to 10 years
- Maximum income - where income is likely to be required from the fund within 5 years
- Place all funds on special - where there is less than £10,000 to invest, the funds are likely to be invested for less than 5 years, there is a specific request not to invest or the protected beneficiary is 80 years of age or more.

2.3 The Accountant General then applies the investment framework set out in the following table:

Capital growth only	65%
Capital growth and income	50%
Maximum income	Special
Place all funds on special	Special

**Note** - the percentage figures represent investment in the EITF\*

2.4 By applying this framework, the Accountant General is able to provide a consistent and equitable service for the investment of damages awards of less than £100,000, or over where the Court of Protection has directed that the fund be retained to protected beneficiaries.

2.5 An annual review is undertaken of all cases where funds have been invested in the EITF to ensure that the percentage split between the equity and cash components remain appropriate.

\* The Equity Index Tracker Fund (EITF) is a form of unit trust managed by Legal and General on behalf of the Ministry of Justice. The EITF is a simple and cost effective means of investing in the stock market over the medium to long term.