



Discretionary Fund Management
for Intermediaries

www.cantabam.com

History

The name and history trace back to Cambridge. Our views and experience are international.

Cantab is an investment management firm with a track record of more than thirty years. We have considerable expertise and understanding of investment strategy, asset allocation, fund selection and stock analysis. Our investment committee is made up of experts from different disciplines. This depth of knowledge is made available to all clients through our investment research team.

Our investment performance speaks for itself. Cantab's Discretionary Fund Management gives Intermediaries access to the service via the VT Cantab funds, on a bespoke basis or through our Managed Portfolio Service.

Cantab works with Intermediaries to assist in achieving investment objectives.

What We Offer

Cantab offers two core services to Intermediaries, releasing time to focus on client relationships and financial planning.

Open Ended Investment Company Funds (OEIC): Cantab have unitised the two most common portfolios for clients, the VT Cantab Moderate and VT Cantab Balanced funds. The funds are suitable for clients with an attitude to risk somewhere near the middle of the risk spectrum. These funds are also appropriate for larger clients who want to mitigate CGT liabilities in a General Investment Account.

Managed Portfolio Service (MPS): Where clients prefer to have a segregated portfolio, Cantab offers the MPS. Portfolios are brought in line with Cantab models at the click of a button. We have a series of risk-rated portfolios which are used in line with the client's attitude to risk.

Intermediaries can use the Cantab Discretionary Service in a range of wrappers, including Self Invested Personal Pensions, ISAs, offshore and onshore bonds.

Cantab use a range of indices to compare portfolio performance, many of which are considered industry standards.

Platforms:

Platforms available for the MPS service include AEGON, Aviva, Novia, Standard Life and Transact. This list is growing and can be extended if you predominantly use another platform. Platforms provide online access so clients and Intermediaries can view their holdings whenever they choose.

Platform	OEIC	MPS
AJ Bell	✓	
AEGON	✓	✓
Aviva	✓	✓
Canada Life	✓	
Fidelity	✓	
Novia	✓	✓
Old Mutual Intl	✓	
Pershing	✓	
Standard Life	✓	✓
Transact	✓	✓

Cantab Investment Process and Portfolio Construction

The Cantab Investment Committee is chaired by the Chief Executive and meets quarterly to discuss the strategic asset allocation of portfolios with the Chief Investment Officer, the Investment Manager and the Client Directors. Each month, an Investment Review meeting is held to discuss tactical recommendations on fund and stock selection as well as any related asset allocation issues. High level asset mix decisions and changes in strategy within asset classes are considered. The chart and accompanying commentary below provide insight into some of the changes to asset mix over time. Cantab regularly reviews the success of Investment Committee decisions over different time horizons. Cantab makes asset mix decisions through considered analysis and makes only gradual changes in an attempt to avoid the behavioural biases associated with attempting to time the market.

Investment research is carried out both internally by our own analysts and externally through consultants and research firms who provide material to our investment team.

During the period 2012-15 Cantab has favoured relatively high exposure to Commercial Property and Alternatives (Infrastructure, Natural Resources and Biotech). Property exposure was cut in early 2016 as Cantab believed the sector to be fully valued, given the prospect of interest rate rises. Infrastructure exposure has been added as Cantab considers the sector will provide increasingly attractive inflation-linked yields in the face of low Fixed Interest yields.

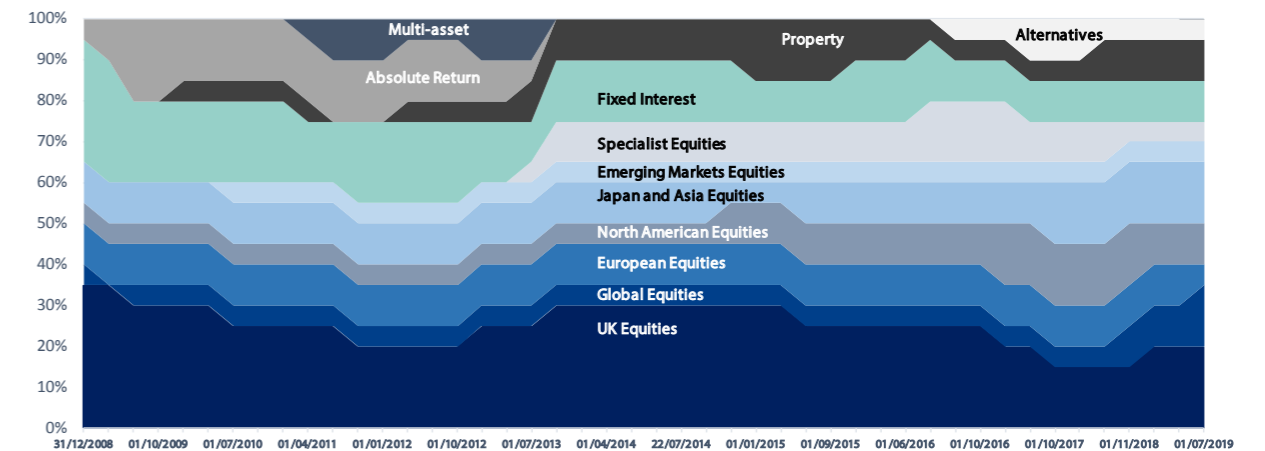
Yields on long-dated Fixed Interest have become less attractive through the cycle. Cantab has sought to diversify risk through other asset classes (Property and Alternatives) as well as altering the duration of Fixed Interest exposure.

UK large-cap Equity exposure was increased ahead of the EU Referendum, with small-cap exposure reduced, to give greater exposure to Global earnings.

The Equity mix changed over the cycle. Allocation to UK equities was steadily reduced between 2008-12 as more attractive opportunities became apparent. UK exposure was subsequently increased as Fixed Interest became less attractive.

Exposure to US equities was increased in late 2014 as the US market became more attractive with the prospect of continued loose monetary policy and increased global uncertainty.

Cantab 'Balanced' Asset Allocation History



Investment Process

- We operate a series of risk-rated portfolios, from which we build the clients' portfolio. The starting point is to recommend a high level asset allocation strategy, in line with the objectives and risk profile.
- The next stage is to select investment funds in each asset class to provide the exposure in each area, bearing in mind investment objectives. Due to our independence, we review the whole of the market to seek the best options, free from bias or vested interests, and can draw on many different investment managers' specialist expertise.
- Each fund is reviewed on a performance and risk-adjusted basis within its sector, and to ensure that funds are chosen with complementary holdings and strategies. This allows access to different subsectors - e.g. large, medium and small UK companies - and helps to avoid overlap of holdings across different funds.

Currency exposure

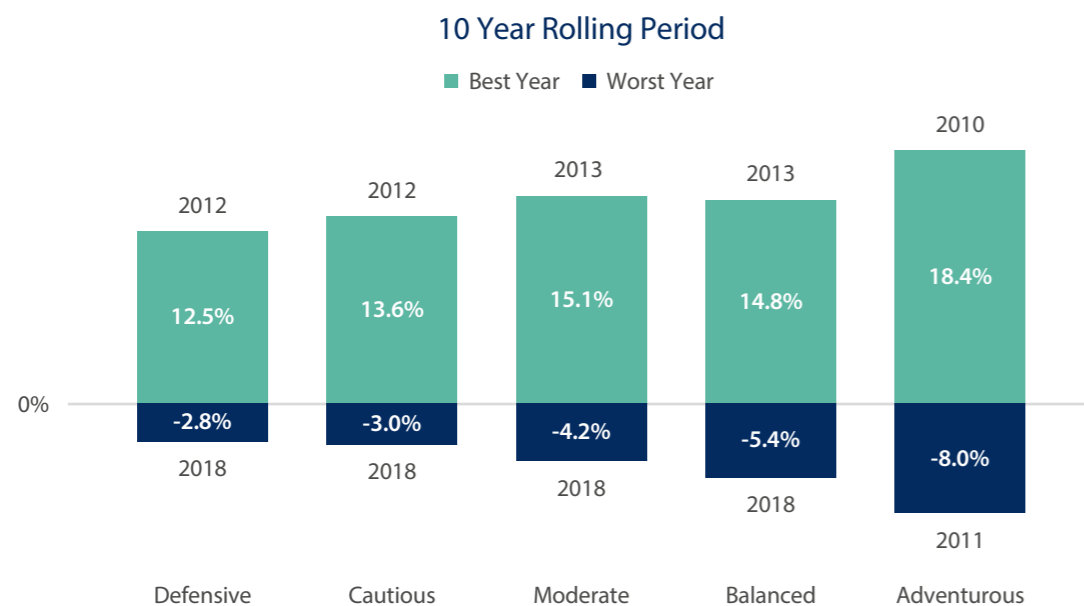
Generally, Cantab does not hedge currency exposure obtained through funds. Cantab takes the view that hedging usually introduces an extra cost for little long-term benefit. In some asset classes – notably fixed interest – the fund manager already hedges currency exposure. In equity funds, it is difficult for Cantab to know what hedging exists at the level of the underlying holdings. Over the last 8 years, hedging of currency has not been as relevant an issue as it has become with the recent depreciation of Sterling. Cantab takes currency into account in the making of asset allocation decisions having regard to overall returns in the currency of choice for each client.

Risk & Return

Cantab's understanding of risk includes the possibility of returns falling short of requirements in respect of providing income to meet expenditure, and/or preserve real capital reserves.

Cantab's approach to risk:

- Effective financial planning can manage or minimise risk but cannot eliminate it completely
 - Avoiding certain risks can lead to greater exposure to others
 - Holding cash can avoid putting capital at risk but will expose a client to a loss of purchasing power through high inflation and low interest rates
 - There is a trade-off between risk and investment return
- Cantab uses asset allocation and a fundamental approach to manage investment risk
 - A long-term view is essential. Asset allocation decisions are typically made on a quarterly basis and adjusted where appropriate in monthly reviews
 - Diversification across asset classes, geographical region and investment approach can assist in the management of risk
 - Large-cap and small-cap, value and growth strategies all provide risk mitigation through diversification
- Standard deviation, maximum drawdowns and correlation of funds are reviewed to ensure asset allocations are appropriate for the level of risk.



Selection of fund managers

Cantab uses quantitative and qualitative approaches. Cantab conducts its own due diligence on individual stocks which allows additional insight to be gained into the way that fund managers are working. A variety of research tools is used to identify funds with good metrics. Meetings are held regularly with fund managers to understand their approaches. Cantab performs various in-depth analyses, looking not only at returns (in absolute terms), but also risk-adjusted returns, with comparison of risk metrics such as Sharpe and Sortino ratios. Comprehension of the composition of the fund is important to understand the drivers of performance, for instance, does a European fund have undue exposure to the banking sector. Emphasis is placed on managers employing clear, transparent and consistent strategies.

Investment Committee

David Saunderson MA ACA read engineering at Downing College, Cambridge before qualifying as a Chartered Accountant with Price Waterhouse. David led Saunderson House Ltd as Chief Executive for twenty four years, was Senior Adviser for Liquid Capital for seven years and is now Chief Executive of Cantab and it's antecedents (2011 – present).

Dr Jeremy Davis MA PhD read Natural Sciences at Magdalene College, Cambridge and holds a Ph.D in Genetics and Plant Breeding. Jeremy is a Chartered Wealth Manager. Jeremy has been advising on investments for twenty years and Managing Director of Cantab for sixteen years, having worked previously in South America and Africa for a research organisation belonging to the World Bank and Unilever. He is a Fellow of the Royal Society of Arts (FRSA).

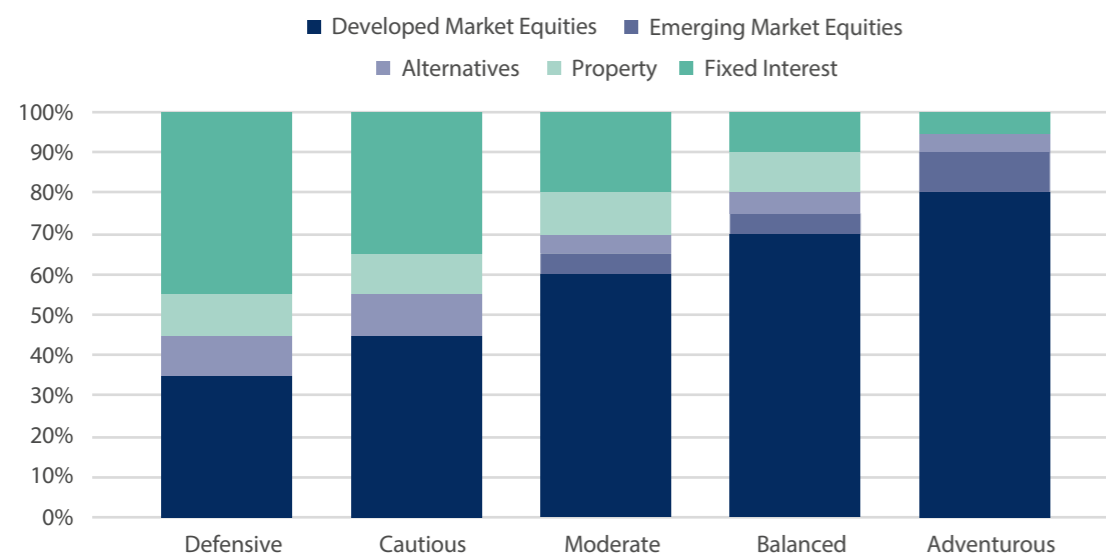
Leah Bramwell MA CFA read Economics at Newnham College, Cambridge before starting her career with Orbis Investment Advisory in London. Here, she provided equity investment recommendations for a Global fund and became a CFA Charterholder. Leah holds an MPhil in Economic History at Darwin College, Cambridge.

Mark Wynne-Jones CFA has 25 years' experience in global equity and multi-asset investing, with much of this time spent at Investec AM, and prior to that UBS Wealth Management and Cavendish AM. Mark studied at LSE and London Business School, and is a member of the Chartered Alternative Investment Analyst Association and is a CFA Charterholder.

Portfolios

RISK CATEGORY	DESCRIPTION
3 Defensive	Defensive portfolios are mainly invested in loans to governments and larger companies, but may include some holdings in UK and overseas equities. Typical long term asset allocation of 35% equities, 65% in assets such as fixed interest and property. Appropriate benchmarks: WMA MSCI Conservative Index, ARC Sterling Cautious PCI.
4 Cautious	Cautious portfolios include holdings in UK and overseas equities, together with loans to governments and larger companies. Typical long term asset allocation of 45% equities, 55% in assets such as fixed interest and property. Appropriate benchmarks: WMA MSCI Conservative Index, ARC Sterling Balanced Asset PCI.
5 Moderate	Moderate portfolios include holdings in UK and overseas equities, in addition to a significant proportion of loans to governments and companies. Typical long term asset allocation of 60% equities, 40% in assets such as fixed interest and property. Appropriate benchmarks: WMA MSCI Income Index, ARC Sterling Steady Growth PCI.
6 Balanced	Balanced portfolios typically contain exposure to major overseas markets, with some exposure to the shares of companies in higher risk developing countries and emerging markets. Typical long term asset allocation of 75% equities, 25% in assets such as fixed interest and property. Appropriate benchmarks: WMA MSCI Balanced Index, ARC Sterling Steady Growth PCI.
7 Adventurous	An adventurous portfolio typically contains a substantial exposure to major overseas markets, with some exposure to the shares of companies in higher risk developing countries and emerging markets. Typical long term asset allocation of 90% equities, 10% in assets such as fixed interest and property. Appropriate benchmarks: WMA MSCI Growth Index, ARC Sterling Equity Risk PCI.

NB. In all cases, the capital value and the income from a portfolio may fall very substantially as well as rise at any time during the investment period, so you may not get back the amount invested.



Past Performance

Investment Manager	ARC 'Balanced' Portfolio		
	1 Year	3 Years	5 Years
Cantab Asset Management	-3.00	17.00	31.60
JM Finn	-4.27	22.33	29.16
Canaccord	-1.96	15.99	29.08
Waverton	-2.99	16.65	26.81
Smith & Williamson	-3.13	16.05	24.94
Citi	-4.11	14.28	21.78
Brewin Dolphin	-5.20	13.00	21.70
Aberdeen Standard	-3.96	12.50	21.60
Brooks Macdonald	-4.26	11.80	21.31
Tilney	-3.91	10.79	19.92
Quilter Cheviot	-5.12	12.69	19.32
Charles Stanley	-5.58	11.82	18.66
7IM	-4.90	14.70	18.40
ARC "Balanced" Benchmark	-5.14	9.95	17.06
Cazenove	-5.20	12.00	16.50
Close Brothers	-4.94	10.02	16.50

Past Performance is no guide to future performance. Performance data provided by firms for "Balanced" portfolios to 31 December 2018 using ARC categorisation.

In the table above, the performance of peers in the Balanced category is compared. The table is a good representation of the average investment returns achieved in this category.

The Financial Times publishes a guide to wealth management firms providing private client services. Cantab was delighted to be singled out in the 2017 and 2016 FT Private Client Wealth Management Guide for having the best performing balanced portfolio over five years. The 2018 and 2019 Guide did not publish performance figures.

Cantab is an Associate Member of Asset Risk Consultants ('ARC') and has been awarded the 2019 ARC Suggestus 3D Award. The 3D Award recognises Cantab's ongoing commitment to transparency, engagement and integrity.



Working together

Strength in Partnership

Working with Cantab will create a strong partnership from which your clients will benefit. You can focus on the financial planning and will not face the time, resource, stress and regulatory issues that are an integral part of portfolio management. By working with Cantab you can also assure your clients that the investment management they receive is independent.

Independent discretionary managers provide unbiased and unrestricted advice for a client based upon a comprehensive and fair analysis of the whole of the marketplace. Our view is that it is in your best interest to appoint an independent discretionary manager in order that your client portfolios may be managed in a comprehensive and holistic manner with all options available and considered to arrive at the best solution.

Support for you

- MPS and OEIC portfolios are centrally run.
- Advisers will receive our regular Investment Comments and Fact sheets.
- FAQ & DDQ Questionnaire available.

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Risk Warnings

This document has been prepared based on our understanding of current UK law and HM Revenue and Customs practice as at 1 August 2019, both of which may be the subject of change in the future. The opinions expressed herein are those of Cantab Asset Management Ltd and should not be construed as investment advice. Cantab Asset Management Ltd is authorised and regulated by the Financial Conduct Authority. As with all equity-based and bond-based investments, the value and the income therefrom can fall as well as rise and you may not get back all the money that you invested. The value of overseas securities will be influenced by the exchange rate used to convert these to sterling. Investments in stocks and shares should therefore be viewed as a medium to long-term investment. Past performance is not a guide to the future.