

Discretionary Management Service

Cantab Asset Management provides a Discretionary Management Service for clients as it strives to further improve portfolio performance, reduce administration time for clients and facilitate the integration of financial planning and investment management.

The mission of the firm is to assist private clients, trusts and charities to create, preserve and protect capital to meet their needs and objectives.

The investment philosophy of the firm is:

- To achieve diversification through a range of asset classes;
- To manage the investment risk by proportionate use of the asset classes;
- To meet objectives through the selection of appropriate fund managers;
- To review investments regularly for acquisition and for sale.

As a firm, we seek to employ the best people, to use the best systems and to maintain the highest professional standards.

Bespoke Client Portfolios

Each client portfolio is bespoke but with the nature of our research and investment process there is a high level of commonality between portfolios. We invest predominantly in collective investments including unit trusts, open-ended investment companies (OEICs), investment trusts and exchange-traded funds (ETFs). However, we do invest also in individual ordinary and preference shares, gilts and corporate bonds.

We take on equity portfolios for management although we do this on the basis that over time these portfolios will be converted to include collectives to increase diversification and reduce risk unless specifically requested to do otherwise

by a client. For existing portfolios, we rationalise holdings (tax permitting) focusing on larger capitalisation UK equities. We do manage portfolios to take advantage, where applicable, of the annual CGT allowance.

We manage funds within pension fund wrappers such as Self Invested Personal Pensions and Small Self Administered Scheme portfolios. We also manage funds within ISA wrappers and offshore bonds. We use a range of indices to compare portfolio performance, many of which are considered industry standards. Within this range, we work with our clients to select the most appropriate indices for each individual portfolio.

Each client has a Client Director in the firm and is introduced to the Director's staff team as appropriate. Client meetings are usually held at least once per year and formal valuations with our investment commentary are provided regularly. Ad hoc valuations are available online after client registration has been completed. A monthly investment note is posted on the website. We provide annual tax reports for both income and capital gains after the tax year end.

Investment Governance

The firm has client teams with support services from Investment Research, Compliance and Operations.

Asset allocation is determined by the Investment Committee which meets formally every quarter. Equity valuations, bond pricing, interest and exchange rate outlook, unemployment and GDP outlook are among the factors that are considered during the meetings.



The relative merits of each asset class and geographical region in relation to one another are reviewed in order to decide on the asset allocation strategy. In response to rapidly changing market conditions, ad hoc meetings are held as necessary. Meetings are chaired by the Chief Executive and membership comprises the Chief Investment Officer, Client Directors and the Investment Manager.

Our risk approach is based upon asset allocation, diversification within portfolios and position sizing within portfolios.

Investment Process

Our investment process, based upon our philosophy, can be broken down into four component parts:

1. Macro strategy which leads to the asset allocation decisions
2. Securities and fund research which leads to the fund, equity and bond selection decisions
3. Assessment of client objectives, attitude to risk and tax implications which leads to portfolio construction decisions
4. Review and monitoring of investments on an on-going basis

Our in-house research forms the cornerstone of our investment process and is the starting point for building client asset allocations and the eventual deployment of capital. In the fast-moving and volatile macro-economic environment of the twenty first century, it is crucial to stay on top of market-shaping events.

The first stage of this process is the formation of a broad top-down macroeconomic view which we use to frame the relative attractiveness of a range of asset classes. The investment management team meets formally on a regular basis in order to discuss views on recent macro events and data, and to determine how these changes should be addressed within our asset allocation decisions.

Once we have adjusted our asset allocation decisions, we are then able to fill out these allocations using the universe of funds that we have at our disposal. Our independent status and size means we have unfettered access to the full range of funds and other securities that are on the market. The process by which we choose funds from this point takes in a whole range of considerations: balancing factors such as risk/return calculations, liquidity constraints, manager track record, availability and fees.

These processes are fluid and continuous, giving us the scope to make acquisitions and disposals in a pro-active, not reactive way, and we aim to be able to anticipate and benefit from important market turning points instead of being merely swept along by them.

Investment Monitoring

Investments are monitored on an on-going basis. As the investment team spends the majority of its time researching fund managers and asset class opportunities the team is in a constant cycle of assessing and reviewing investments. The high levels of commonality amongst our portfolios mean that we are able to make changes quickly in response to changes in the economic environments or at the individual fund level.

Within client portfolios, we do take some currency risk in that certain overseas holdings may be denominated in foreign currencies. However, this is undertaken where we have strong views based upon our economic research. Ultimately, the majority of our clients have sterling-based liabilities and it is likely that a client portfolio will have an over-weight sterling position compared to a world equity index. As a house, we do not look to hedge currency exposure back to sterling as over the long term, we would expect costs to exceed benefits.

In the main, we manage portfolios whose base currency is sterling. The vast majority of our clients are UK-centric investors and as such we have regard to returns in sterling and report in sterling generally.

Please contact our Team on 020 3651 0570 (London) or 01223 52 2000 (Cambridge) to discuss in more detail or email advice@cantabam.com.

Risk Warnings This document has been prepared based on our understanding of current UK law and HM Revenue and Customs practice as at 1 January 2023, 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.

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