



Attention to detail

## Frequently Asked Questions

### Name

Cantab Asset Management Ltd ("Cantab").

### How long has the company been running in its current form in the UK?

The company was founded in its current form in 2006 with its antecedent firms' roots going back over 30 years to 1984.

### What is the ownership structure of your company? (If you are owned by a parent company please give details of both the parent and UK subsidiary company separately)

The company is owned by the staff. Cantab Asset Management is a private company, therefore, shares in the company are not traded on the open market. Cantab Asset Management is authorised and regulated by the Financial Conduct Authority (FCA Reference number 449269).

### What are the total Funds Under Management?

At the time of writing, approximately £800m.

### For how many clients do you act?

At the time of writing, approximately 500.

### Do you operate model portfolios or bespoke portfolios for clients?

Cantab Asset Management operates two styles of portfolio – the Bespoke Portfolio Service (BPS) and the Model Portfolio Service (MPS). Our Bespoke Portfolios are tailored to each client. Due to the nature of our research and investment process, there is high level of commonality between portfolios. Our MPS portfolios are structured in a way to maximise efficiency and cost-effectiveness and are based on each client's risk profile. MPS portfolios are offered exclusively via intermediaries.

### What is the minimum investment for your portfolios? (If there is a different minimum for model and bespoke portfolios, please state this here)

Minimum Investment amount for our MPS portfolios is £100,000.

### Do you offer a unitised version of your portfolios?

Cantab have launched the VT Cantab Moderate and VT Cantab Balanced funds due to the demand for a unitised version of the portfolios. These are 'Fund of Funds'. There are some tax and reporting benefits for using the unitised version. There is no CGT on switches made within the funds; DFM fees are not subject to VAT and are also deductible for tax purposes within the OEIC. Reporting is simplified as only one line of stock is reported on for CGT and Income Tax purposes.

## How do I invest?

Investments are made via third-party platforms. For the unitised offering, Intermediaries can access directly using the correct ISIN codes. For the MPS, an agreement is required to be in place between the Intermediary and Cantab.

## Do you use individual assets or collectives only?

We invest in collective investments which include unit trusts, investment trusts, ETFs and structured products because of the greater degree of diversification that these assets offer. We also invest in single gilt issues, preference shares, individual equities and bonds.

## Can portfolios be managed within annual CGT allowance?

For MPS, we manage for investment performance only and do not have regard to the annual CGT allowance.

## Will you manage a client's existing share portfolio?

For MPS, we require clients to use our models. For existing equity portfolios of £500,000 or larger, Cantab rationalises holdings (tax allowances permitting) focusing upon larger capitalisation UK equities.

## Will you manage offshore bond portfolios?

We can and do manage offshore bond portfolios. At present we manage money within the following Offshore Bonds, however we can add other providers:

Canada Life International, Quilter, Standard Life, Utmost.

## Can I hold shares in the OEIC as an ISA?

The VT Cantab funds can be held in ISA wrappers.

## May I change my mind after I have invested?

If Intermediaries change their mind after investing, the amount you get back will be reduced by any fall in the value of your investment during that time.

## Against which benchmarks do you compare portfolios?

We use a range of indices to compare portfolio performance, many of which are regarded as industry standards (typically the Asset Risk Consultants Private Client Indices). Within this range, we work with Intermediaries to select the most appropriate indices.

## What are your costs?

For MPS, our annual management charge is 0.36%. The costs for the OEIC can be found on the fact sheets.

## What is soft commission, and does it affect my investment?

Soft commissions allow investment companies and institutional funds to cover some of their expenses through trading commissions as opposed to normal direct payments. Cantab do not pay any soft commissions.

## Will income be distributed?

In the VT Cantab funds, Intermediaries can select Accumulation or Income units. Income units will distribute a dividend whereas Accumulation units will accumulate income within the fund. For the MPS, Intermediaries can opt for income to be distributed or reinvested.

## May I re-invest any income distributions?

As above, income distributions can be reinvested if selected by the Intermediary. For MPS, the platform facilitates this; for the unitised version the Intermediary will purchase Accumulation units.

## How do I find out the price for buying or selling shares?

Unlike shares, which are traded continuously when the stock market is open, funds are usually traded once a day. Each fund has a daily 'valuation point', normally at 12 noon. At this time, the ACD works out the value per unit of the fund's investments. This is the price at which units are bought and sold. If you place an order to buy or sell a fund, it will go

through at the next valuation point. This means you will not know the exact price beforehand.

The daily prices for the VT Cantab funds are available online on [www.valu-trac.com/administration-services/clients/cantab](http://www.valu-trac.com/administration-services/clients/cantab) or on third party websites, such as Trustnet.

### **How do I sell my shares and how quickly will I receive my proceeds?**

Intermediaries can sell shares in the VT Cantab funds on the platform. Proceeds take T+3 to settle and distribute. Similar timescale for the MPS. If the proceeds are then withdrawn by BACS from the platform, typically there is a 3-5 day wait.

### **How do I monitor my investment?**

Investments in Cantab managed MPS, or the Cantab OEIC can be viewed on the relevant platform.

### **Is my investment regulated?**

Cantab Asset Management is authorised and regulated by the Financial Conduct Authority. Cantab has the relevant permissions from the FCA.

### **Are your staff appropriately qualified?**

We are committed to investing in ongoing training and development and this coupled with our ethos, management style and commitment to excellent growth has resulted in staff with long service - something highly valued by our clients. Our staff providing advice are professionally qualified and continue their professional development within the firm.

### **Who are your key personnel?**

**David Saunderson (Chief Executive):** David has been giving investment advice for many years as the principal of Saunderson House of which he was Chief Executive for twenty four years and then subsequently with Cantab and its antecedents. David read engineering at Downing College, Cambridge and then qualified as a Chartered Accountant with Price Waterhouse in 1979. David serves as a trustee of several charities.

**Dr Jeremy Davis (Managing Director):** Jeremy has been managing investment assets for private clients and companies for many years and has been the Managing Director of one of the antecedent firms - 35 Finance. Jeremy read Natural Sciences at Magdalene College, Cambridge and holds a Ph.D in Genetics and Plant Breeding. Jeremy is a Chartered Wealth Manager. Prior to Cantab, Jeremy worked in South America and Africa for the World Bank and Unilever. Jeremy is a Fellow of the Royal Society of Arts (FRSA).

**Leah Bramwell (Director):** Leah 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 completed an MPhil in Economic History at Darwin College, Cambridge.

**Patrick Smyth (Investment Manager):** Patrick trained with Refuge Assurance and has worked within the investment and insurance sector for many years. Patrick joined Cantab's antecedent firm in Cambridge in 2005 providing investment portfolio advice for private clients, trusts and charities. Patrick is an Associate of the Chartered Insurance Institute and a member of the CFA Society and holds the Investment Management Certificate.

**Mark Wynne-Jones (Director):** Mark has 25 years' experience in global equity and multi-asset investing, with much of this time spent at Investec Asset Management, and prior to that UBS Wealth Management and Cavendish Asset Management. Mark studied at the London School of Economics and London Business School, and is a member of the Chartered Financial Analyst (CFA) Institute and Chartered Alternative Investment Analyst (CAIA) Association.

### **Are you covered by Professional Indemnity Insurance?**

Cantab has full professional indemnity insurance in place.

### **Do you have Data Protection policy?**

Cantab takes Data Protection very seriously and is fully compliant with the General Data Protection Regulation 2016 which governs use of personal information.

### **Who is responsible for your administration and settlements?**

Cantab outsources certain functions. Functions such as stock reconciliation, settlements, dividend income and income payments are handled and monitored by dedicated external teams at specialist firms to ensure clients receive the level of services they should expect to receive.

## **Who is the Authorised Corporate Director for the VT Cantab funds? And the Depository, Custodian and Auditor?**

OEIC administration is provided by Valu Trac Administration Services (the Authorised Corporate Director), NatWest (Depository), Royal Bank of Canada (Custodian) and Johnston Carmichael (Auditors).

## **Do you have a client Service Charter?**

- We aim to provide clients with excellent service
- We aim to respond to client queries within two working days
- We aim to have appropriately skilled, qualified and experienced staff complete all tasks
- We aim to have the office open from 9am to 5.30pm on weekdays
- We aim to provide mobile numbers for client directors to all bespoke clients
- We aim to meet all bespoke clients at least once per year where appropriate

## **How often do you provide Client Valuations?**

As per regulations, the platforms provide Intermediaries with on-going valuations. Ad hoc valuations at the close of the previous business day are also available via the platforms.

## **How often do you provide a market commentary?**

Cantab produces a monthly market commentary, which is also available on our website. Intermediaries will receive four comprehensive commentaries a year.

## **What online services are offered to Intermediaries?**

Our custody platforms give 24 hour access to portfolios. Once registered you will be able to view your portfolio at any time and print copies of current valuations.

## **Investment Process**

### **How many professional investment staff do you have and how many administrative staff?**

The company has thirty professional staff undertaking Investment Research, Compliance and Accounting.

### **What is the annual turnover of Investment staff? What is the annual turnover of client management staff?**

Turnover within the investment team has been low; the Managing Director and Investment Manager have worked at Cantab (and its antecedent firm) since 2002 and 2005 respectively.

### **How is asset allocation determined?**

Firm wide asset allocation is discussed and reviewed on a quarterly basis at the Investment Committee meeting. Various factors are considered during the meeting such as equity valuations, bond pricing, interest and exchange rate outlook, commodity pricing, unemployment and GDP outlook. The starting point for each meeting is the current asset and geographical positioning. The relative merits of each asset class and geographical region in relation to one another is considered in order to construct the asset allocation strategy. In response to rapidly changing market conditions ad hoc meetings are held as necessary. The CIO, Directors, the Investment Manager and a senior analyst comprise the Investment committee. The Chief Executive chairs the Investment Committee.

### **What is your approach to risk management?**

Our approach to risk management is based upon what Cantab considers a 'real world' view of risk. Cantab's risk management approach is based upon asset allocation, diversification within portfolios and position sizing within portfolios. With the concept of diversification well accepted, we are seeing events where correlations within portfolios trend together, reducing the impact of the diversification the Investment Committee has attempted to create. Therefore we are constantly researching opportunities to further diversify our clients' asset base or sector exposure and lower risk within portfolios at the same time.

### **What is your investment philosophy?**

Our philosophy is based upon the view that added value may be achieved by allocating capital to a range of managers throughout the economic cycle. Our approach is twofold: firstly to develop and implement an asset allocation for each

client based upon their needs, objectives and attitude to risk; and secondly to seek to select the best managers within each asset class to benefit clients.

### **Are the portfolios managed by committee or by individual named portfolio managers?**

Cantab operates with each Client Director having responsibility for asset allocation and fund manager selection across their Bespoke Portfolio client portfolios having regard to the framework set out by the Investment Committee.

The Cantab MPS portfolios are managed according to the investment strategy set by the Investment Committee.

### **Investment process**

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

1. Macro strategy which leads to the asset allocation decisions
2. Fund Research which leads to the fund selection decisions
3. Assessment of client portfolio objectives, risk parameters and tax implications which leads to portfolio construction decisions
4. Review and monitoring process of investments on an ongoing basis

### **How do you carry out your investment research?**

Cantab's 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 meet 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 determine these allocations using the full 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, wrapper eligibility 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.

### **How do you go about monitoring the assets in which you are invested?**

Investments are monitored daily, weekly and on a monthly 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 portfolio mean that we are able to make changes quickly in response to changes in the economic environments or at the individual fund level.

### **What is your attitude to alternative asset classes (Infrastructure, Real Estate, Natural Resources)?**

Cantab makes use of a wide range of asset classes including cash, equities, fixed interest and real estate. Infrastructure, Real Estate and Natural Resources investments require a different due diligence approach to more traditional collective funds but the same level of care is taken for possible investments.

### **What is your attitude to using structured products?**

We can and do use structured products in our portfolios. Careful attention is paid to the type, number and quality of our counterparties for these products along with the product construction and underlying financial instruments.

### **Do you hedge out currency risk?**

Cantab does take currency risk within clients' portfolios. However this is undertaken where we have strong views based

upon our economic research. Ultimately the majority of our clients have sterling based liabilities but some do invest in non-sterling denominated assets. Currency selection and the decision to hedge an investment is made during the asset allocation process, for example we may wish to expose a client to the US equity markets but not the US dollar. In this situation we would buy a fund which actively hedges its holdings back into sterling.

#### **Do you offer portfolios in currencies other than sterling? If so, what other portfolio currencies are offered?**

Currently we only offer to manage portfolios whose base currency is sterling. The majority of our clients are UK-centric investors and as such we dedicate our time and resources to researching sterling assets which will best meet their needs.

#### **How do I make a complaint?**

Cantab Asset Management follows the Complaint Procedures outlined by the Financial Conduct Authority. These state:

***If you have a complaint, it is best to first ask the firm involved to put things right.***

***Contact the firm as soon as possible. It is usually best to write to them so you have a record of what you say.***

***Financial firms we regulate must respond to your complaint in writing within 8 weeks, telling you whether the complaint has been successful or why they need more time to look into it.***

***Firms are also required to respond in writing just to let you know they have received your complaint.***

Further information can be found on the Financial Conduct Authority website: <https://www.fca.org.uk/consumers/how-complain>

#### **Risk Warnings**

This document has been prepared based on our understanding of current UK law and HM Revenue and Customs practice as at 1 December 2020, 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. It is important to note that in selecting ESG investments, a screening out process has taken place which eliminates many investments potentially providing good financial returns. By reducing the universe of possible investments, the investment performance of ESG portfolios might be less than that potentially produced by selecting from the larger unscreened universe.