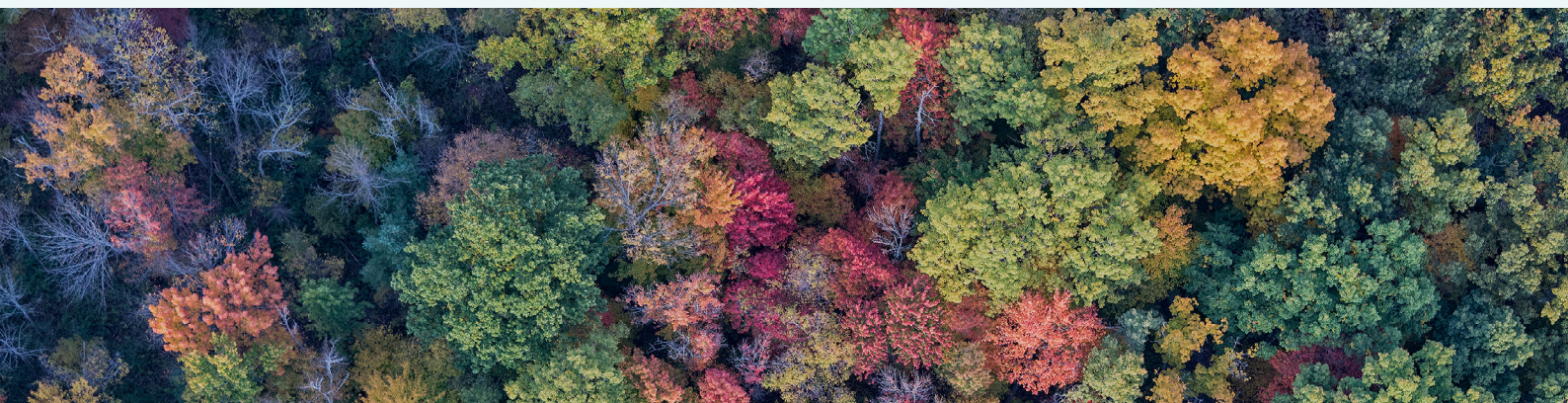




Cantab ESG
Managed Portfolio Service
for Intermediaries



Portfolio Overview

What portfolios are available and what are they called?

The Cantab ESG Managed Portfolio range includes:

- Cantab 'Defensive' ESG Portfolio
- Cantab 'Cautious' ESG Portfolio
- Cantab 'Moderate' ESG Portfolio
- Cantab 'Balanced' ESG Portfolio
- Cantab 'Adventurous' ESG Portfolio

On which platforms are they available?

Platforms available for the MPS service include Abrdn Wrap, Aegon ARC, AJ Bell, Aviva, M&G Wealth, Novia, Quilter 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.

What risk ranking affiliations do the Cantab portfolios have?

The Cantab Portfolios are ranked and verified by Asset Risk Consultants (ARC) and Defaqto.

How do I start using the Cantab Managed Portfolio Service?

On signing the Cantab Managed Portfolio Agreement, you will obtain access to the service, which will allow you to invest immediately.

What are the objectives of the portfolios?

The portfolios seek to generate superior risk-adjusted returns with a robust and disciplined investment process. The focus is on investing in active ESG-mandated funds that clearly integrate Environmental, Social and Governance (ESG) factors and holding them for the long term.

How many funds will the portfolios contain?

The portfolios typically invest in 15 – 25 funds and are well diversified both by region and industry.

What ESG restrictions are in place?

The portfolios will not invest in funds that do not have an active ESG mandate or those that do not clearly illustrate the integration of ESG principles into their investment decision making.

Due diligence is conducted to ensure no 'Greenwashing' and to identify whether managers follow through on the ESG restrictions they have set.

What is the investment opportunity?

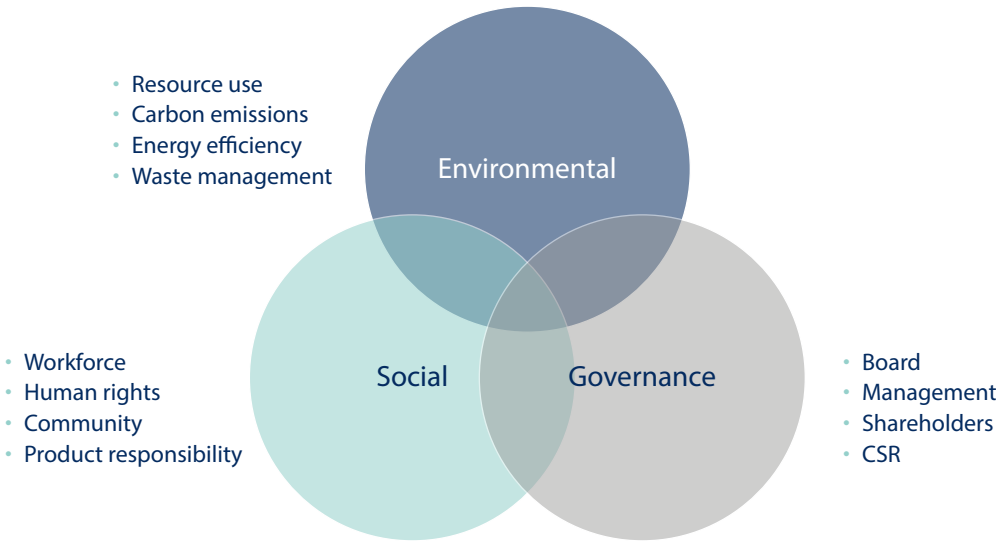
While many asset owners remain focused purely on the generation of financial returns, the growth of ESG investing is undeniable and undeniably appropriate, in our opinion. Indeed, the world is warming up to the belief that we need to invest more responsibly, in terms of how we treat the environment, but also with respect to how corporations behave from a social and governance perspective.

What is ESG?

It is easy to feel confused about ESG investing today. The media – and investment industry – are awash with differing interpretations of what is often being portrayed as a relatively new style of investing.

We see it differently. To us, ESG is merely a modern interpretation of an age-old concept that companies are not run purely for the benefit of their shareholders – there are other stakeholders to be considered.

Specifically, corporations are becoming increasingly aware of their Environmental responsibilities in terms of, for example, carbon emissions and waste management – future generations are the obvious stakeholders in this regard.



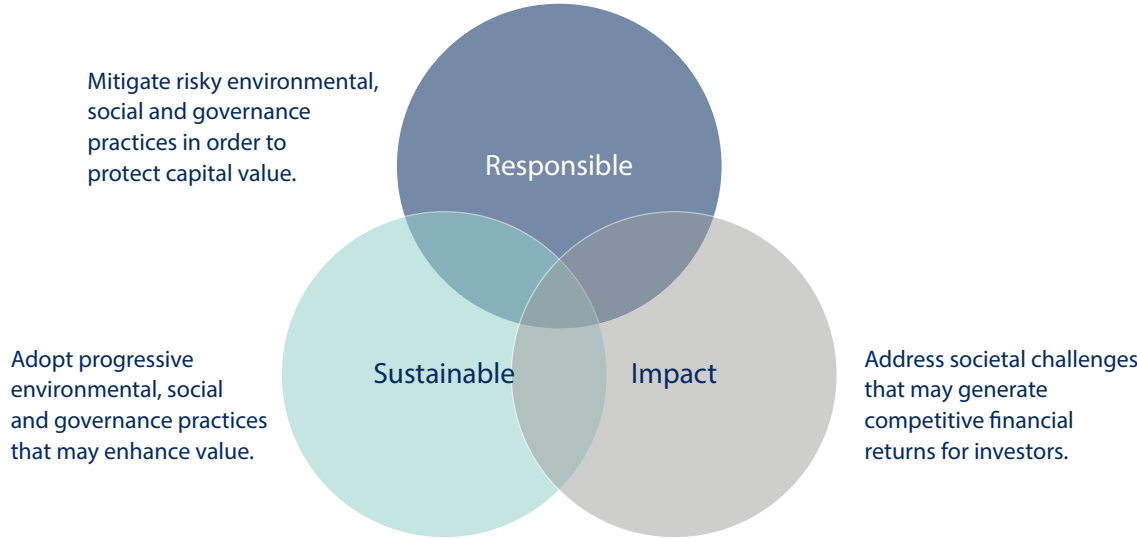
In addition, companies are coming under increasing pressure to show Social awareness in their treatment of their own workforce and the wider community. Finally, good Governance aligns the interests of boards and management teams with shareholders and other stakeholders.

How does ESG fit into the investment process?

It is important to recognise that, while the media may focus on one specific aspect of these ESG building blocks at any point in time, as investors we need to maintain a balanced approach to all the stakeholder issues a company might face.

From an investment perspective, while the above considerations are embedded into our investment process, our overriding aim is to generate superior investment returns for our clients.

ESG – The Investment Opportunity Set



In this context we see the investment opportunity set as a spectrum ranging from Responsible investing, which seeks to protect capital by avoiding poor ESG practices, through Sustainable investing, which adopts progressive practices that may enhance value, to Impact investing, which addresses ESG challenges that may or may not generate financial returns.

On a risk-adjusted basis, therefore, we believe Impact investing alone may inhibit the ability to satisfy our financial goals. As such, we expect the portfolio funds to have mandates balanced across these three opportunity sets.

Investment Framework and Process

What investment style do the portfolios employ?

We do not recommend wholesale adoption of any single investing style, believing a blend of styles is key to generating superior long-term, risk-adjusted returns.

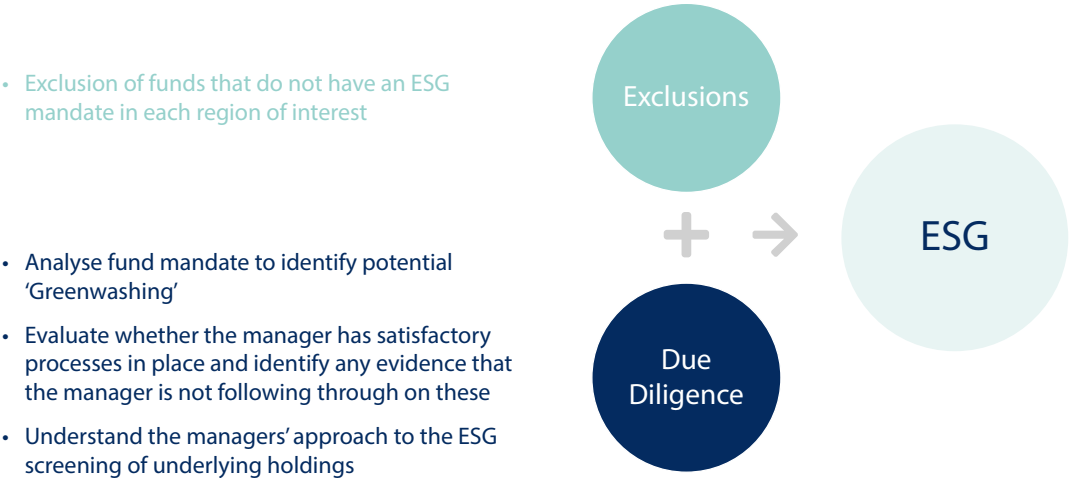
What investment framework do the portfolios follow?

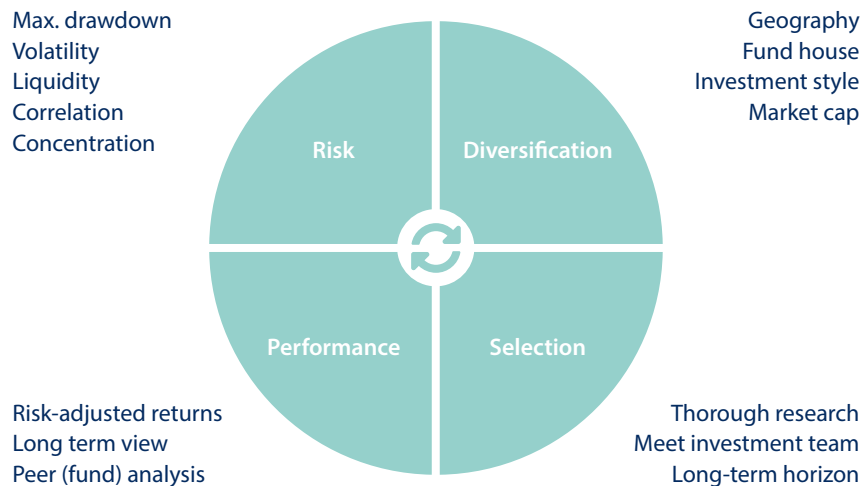
The Investment Framework follows a Multi-asset approach in the construction of a diversified portfolio of daily dealing open-ended funds. Diversification is achieved both geographically and by asset class, which typically includes Equities, Infrastructure, Property and Fixed Interest.

Long-term Buy and Hold	<ul style="list-style-type: none"> • Decisions are made with a 5+ year horizon • Changes are minimised unless investment case has fundamentally changed
Style agnostic	<ul style="list-style-type: none"> • Recognition that different styles outperform at different stages of the cycle • Bottom up and top down consideration
Manager consistency and track record	<ul style="list-style-type: none"> • Active bias where managers have delivered consistent outperformance after fees
Clear, understandable strategy	<ul style="list-style-type: none"> • Investment process transparent and easy to understand • Informed by Cantab individual equity research
Appropriate diversification	<ul style="list-style-type: none"> • Equities: prefer managers who take high conviction positions in relatively concentrated portfolios
Minimal tail risk	<ul style="list-style-type: none"> • No investment in 'black box' structures

What is the investment process of the portfolios?

The process encompasses the ESG analysis, the manager selection process and active monitoring. With a vast global fund universe, the first step revolves around excluding funds that do not have a clear ESG mandate and conducting thorough ESG due diligence on fund managers.





This is followed by manager selection, which involves both quantitative and qualitative analysis of the fund from a risk, diversification, and performance perspective. Cantab also builds personal relationships with managers.

Using a proprietary monitoring framework, weekly research meetings and quarterly investment reviews are conducted to ensure that the underlying holdings in the portfolios continue to meet the investment case.

What is the portfolio turnover and what limits are in place on position sizing?

We intend to hold positions for the long term, and so portfolio turnover will be low. A typical investment size for a new holding will range between 5% and 15% of the portfolio, and for risk management purposes we will not let a position grow beyond these levels. Managed portfolios are rebalanced monthly.

About Cantab

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.

Cantab's Discretionary Fund Management is accessible via the VT Cantab funds, on a bespoke basis or through our Managed Portfolio Service. Cantab works to assist in achieving investment objectives.

The Investment Team includes:



David Saunderson – Chief Executive

David read Engineering at Downing College, Cambridge and qualified as a Chartered Accountant with Price Waterhouse. He led Saunderson House Ltd as Chief Executive, was Senior Adviser for Liquid Capital and is now CEO of Cantab.



Dr Jeremy Davis – Managing Director

Jeremy read Natural Sciences at Magdalene College, Cambridge and holds a PhD in Genetics and Plant Breeding. Jeremy is a Chartered Wealth Manager and Managing Director of Cantab.



Leah Bramwell – Director

Leah read Economics at Newnham College, Cambridge and Economic History at Darwin College, Cambridge. She is a CFA Charterholder and Chartered Wealth Manager and holds the Diploma in Regulated Financial Planning.



Mark Wynne-Jones – Director

Mark studied at the London School of Economics and London Business School, is a CFA Charterholder and member of the Chartered Alternative Investment Analyst (CAIA) Association.



Patrick Smyth – Investment Manager

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, a member of the CFA Society and holds the Investment Management Certificate.



Will Briston – Business Development Director

Will has extensive experience in business development and marketing. Prior to joining Cantab, Will worked in international development, was co-founder of two social ventures and has also launched a number of successful FMCG brands.



Michael Grayston – Associate Director

Michael read Economics and Finance at the University of Exeter and holds the Diploma in Regulated Financial Planning. He also holds the CFA UK Certificate in Investment Management and Certificate in ESG Investing.

What We Offer

Cantab offers two core services to Intermediaries, releasing time to focus on client relationships and financial planning. The offering of the ESG portfolios is through the Managed Portfolio Service.

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.

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 as holdings within the OEIC can be switched without triggering a CGT liability. The ESG-mandated strategy is not currently available as a unitised offering.

Information for Advisers:

The Cantab Offering
Managed Portfolio Service for Independent Financial Advisers (cantabam.com)

Due Diligence Questionnaire (DDQ), Investment Commentaries & Fact Sheets
Resources - Cantab Asset Management (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. 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.

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cantabam.com

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