

## Our Advice Process for Institutions

The advice we provide is tailored to each individual client and their needs. We offer a comprehensive service, providing investment advice and portfolio management.

As Independent Financial Advisers, we consider the whole of the market, both in terms of products and investments, thus ensuring that each client's financial arrangements are the most appropriate ones available to them. Being independent, rather than restricted, we fulfil the recommendation from the Charity Commission that large charities seek independent advice before making investments. We take pride in this personal approach and ensure that our clients' needs are at the heart of our recommendations. This document is designed to provide a summary of the services we offer, but it is not exhaustive, nor should it be relied upon as advice. The quality of our service is recognised by our Chartered Firm status awarded by the Chartered Insurance Institute.

### Establishing a Relationship

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The first stage is to assess an institution's current position, and understand its aims. We take into account a client's attitude to risk and capacity for loss alongside their objectives and discuss options with an institution's representatives before proceeding with our recommendations. Large institutions have bespoke needs and aims, and we service this requirement by providing bespoke investment advice to each institution we advise.

### Research and Analysis

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Our experienced Investment Committee meets regularly to discuss economic conditions and provide guidance as to how this should impact on our advice. We use a suite of resources to monitor and research investment options.

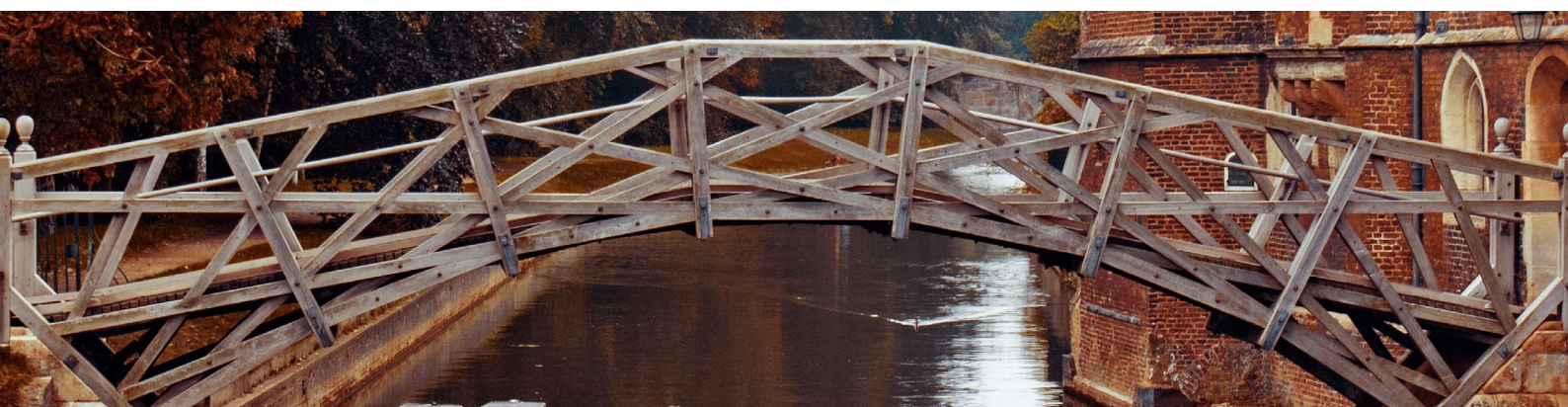
Our risk-rated model portfolios are structured and managed by our in-house investment team under the guidance of the Investment Committee to meet various core investment strategies.

Each Client Director, together with their team, follows our laid down investment advisory process and is responsible for the advice provided to clients. The investment team provides research and valuable insight into the investment markets which guide the recommendations to clients for their portfolios. The Cantab Research team conducts in-house quantitative and qualitative analysis of funds, investment trusts and individual equities and bonds. In addition, the team receives research from external organisations which is absorbed into the overall analysis before recommendations are made.

### Managing Risk

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There are many types of investment risk, and whilst effective planning may manage or minimise overall exposure to risks, they cannot be avoided completely. It may be that trying to avoid or minimise certain types of risks leads to greater exposure to others. For example, one may avoid putting capital at risk by holding cash on deposit, but there is a real risk of high inflation and low interest rates eroding its purchasing power. This is a particular risk for institutions which have long time horizons, possibly stretching decades into the future. There is a trade-off between risk and investment return. Therefore, it is important to understand that taking appropriate risks is a part of effective financial planning.



One way in which we manage investment risk is via asset allocation. The asset allocation decisions on the model portfolios are formally made on a quarterly basis as a result of the deliberations of the Investment Committee and adjusted as appropriate in quarterly reviews. These model portfolios then form a reference point for an individual review of each client's portfolio. Diversification reduces the risk to a portfolio of any single asset class performing poorly. Holding a geographical spread of equities allows investors to benefit from exposure to developing markets around the world as well as more developed markets such as the UK and the US. Furthermore, whilst blue chip companies can provide a strong source of dividend income, mid cap and smaller companies have historically offered greater growth potential. As with investments in general, asset allocation should be thought of as a long term strategy, with adjustments to take account of market conditions being made on a more gradual basis.

## Investment Structures

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Our core approach, appropriate for most investors, is to use collective funds such as unit trusts and open-ended investment companies (OEICs). However, we also advise on investment trusts and direct holdings, such as individual equities, bonds and gilts. Since investment trusts usually trade at discounts or premiums to their net asset value, these can be more volatile than open-ended funds, but this can also represent an opportunity to achieve a higher return. As such, investment trusts usually require more frequent reviews. Similarly, individual equities are more volatile than collective funds and require regular in-depth reviews. For these reasons, including investment trusts or direct equities would usually be more appropriate for larger investments.

In addition to providing full investment advice and management, we are also able to provide a consulting service for large institutions. This allows them to obtain a second opinion before making investment decisions.

Costs are an increasingly highlighted component of investment returns. The requirement imposed by the regulator for greater clarity and transparency about charges has led to increased competition within the industry and pressure for the charges paid to fund managers and platforms to be reduced. One of the many benefits of our independence is to allow us to select the most appropriate solution available from the whole marketplace, bearing in mind both the level of service provided and its cost-effectiveness.

Like many other professionals, our annual management costs are calculated based upon time expended, transaction speeds, complexity of work and the amounts invested. Regular reviews are important to ensure that investments remain appropriate, and to ensure that our understanding of each client's situation remains up to date.

It is important to note that investment performance can result in many percentage point differences in returns but charges, in general, are measured in fractions of percentage points. Thus we encourage the focus for clients to be more on investment returns rather than on charges, albeit these should be carefully monitored.

## Conflicts of Interest

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Cantab has developed an Open-Ended Investment Company ('OEIC') to benefit clients with additional structural options for holding investments. Cantab does receive an investment management fee from the OEIC and so has a 'conflict of interest' which is declared and transparently addressed in the Client Agreement.

Please contact our Team on 020 3651 0570 (London) or 01223 52 2000 (Cambridge) to discuss in more detail or email [advice@cantabam.com](mailto: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 April 2024, 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.

**cantabam.com**

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