

Sustainable Balanced

Model Portfolio Service
October 2020

Marketing material for professional investors and advisers only

Investment objective and strategy

For clients who wish to achieve investment returns in excess of cash and government bonds, can tolerate moderate equity-like investment risk and accept there is a risk of capital loss as capital markets fluctuate. The portfolio invests across the sustainability spectrum including ESG integrated, responsible, screened and social impact strategies. It will use a broad range of assets on both a long-term and an opportunistic basis in order to pursue its objective, including an allocation to equity or equity-like investments and non-base currencies in pursuing its aims. There is always likely to be a material allocation to cash, bonds and other defensive assets. The aim of the portfolio is that, in the longer term, the value of the assets should be protected against the impact of inflation.

Performance (%)¹

	1 month	3 months	6 months	1 year	3 years	5 years	Since launch ²
Sustainable Balanced	0.9%	2.7%	14.1%	4.8%	-	-	16.7%

	Sep-19 - Sep-20	Sep-18 - Sep-19	Sep-17 - Sep-18	Sep-16 - Sep-17	Sep-15 - Sep-16
Sustainable Balanced	4.8%	-	-	-	-

Source Cazenove Capital, data as at 30 September 2020. Figures in GBP.

¹Performance is shown on a total return basis, net of underlying fund charges but gross of Cazenove Capital fees and any fees applied by the platform and professional adviser. The deduction of these fees will have an impact on overall performance. Performance is calculated by Cazenove Capital and provided for illustrative purposes only and should not be viewed as the performance of a specific client portfolio. ²Inception date 31 December 2018.

Past performance is not a guide to future performance. The value of investments and the income received from them can fall as well as rise. Investors may not get back the amount invested.

Top 10 holdings

Stock	Asset class	Weight
Brown Advisory Sustainable Growth	Equities - US	9.0%
Impax Environmental Sustainability	Equities - Global	8.3%
Rathbone Ethical Bond	Bonds - UK	5.7%
Vanguard UK Inflation-Linked Gilt Index	Bonds - UK	5.5%
Threadneedle UK Social Bond	Bonds - UK	5.4%
Lyxor Core US TIPS ETF GBP Hedged	Bonds - US	5.4%
iShares Physical Gold ETC	Alternatives - Commodities	5.3%
Schroder QEP Global ESG	Equities - Global	4.6%
Vanguard UK Government Bond Index	Bonds - UK	4.5%
FP WHEB Sustainability	Equities - Global	4.3%
Total		58.0%

Source: Cazenove Capital, data as at 30 September 2020.

Strategy characteristics

- Sustainability-themed funds
- "Best in class" approach promoting top ESG performers
- Multi-asset approach
- Focus on capital growth whilst minimising downside risks
- Low volatility when compared to equities

Portfolio management

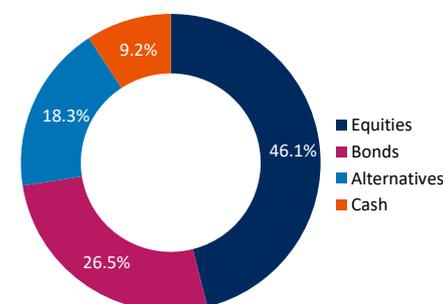
Steven Rooke

Portfolio Director,
Manager of Model
Portfolio Service



Cazenove Capital is one of the wealth management businesses of the Schroders Group. Steven Rooke is the head of the DFM investment strategy and manages the Model Portfolio Service.

Current asset allocation



Growth assets	25-60%
Defensive assets	20-50%
Diversifiers	0-35%
Cash	0-20%

Please note: Due to rounding error the total may not sum to 100%.

Economic overview

It now looks increasingly likely that Europe is facing a “second wave” of coronavirus. The UK and other European countries are reporting the highest case numbers since spring and governments have re-introduced restrictions to limit the spread. The increase in cases has likely contributed to the rise in stock market volatility in recent weeks. The lack of progress on further fiscal stimulus in the US may also be a concern for investors. If Congress fails to agree on another support package, US consumer spending may not be sustained at current levels.

In the UK, the Chancellor of the Exchequer took the unusual step of cancelling a Budget as the government focuses on supporting the economy. One immediate challenge will be the end of the furlough scheme later this month. A new job support plan will help cushion the blow – but it is less generous than the furlough scheme and unlikely to prevent a rise in unemployment.

Source: Cazenove Capital, data as at 30 September 2020.

Portfolio overview

Most major equity markets sold off in September as the coronavirus dominated headlines. Japan bucked the trend, with our position in the UBS MSCI Japan SRI ETF up strongly, as Yoshihide Suga was confirmed as the new prime minister taking over from Shinzo Abe. Sterling weakened by 3.5% against the US dollar, with our bias to overseas equities helping protect against the market falls. Our impact strategies, M&G Positive Impact and Montanaro Better World, were both up 3%, whilst our government bond positions produced positive returns during this risk off period. However there was some weakness in our renewable energy holdings Greencoat UK Wind and Foresight Solar.

Source: Cazenove Capital, data as at 30 September 2020.

What are the risks?

Prior to making an investment decision, please consider the following risks:

- (i) Interest rate risk:** For models investing in fixed income, changes in interest rates are likely to affect the asset's value. In general, as interest rates rise, the price of a fixed bond will fall and vice versa.
- (ii) Credit risk:** The value of the model may fall if the companies and governments who have issued the bonds deteriorate in quality, or in the worst case scenario become insolvent.
- (iii) Liquidity risk:** It may be difficult to sell some investments (or sell them without making a loss) due to an insufficient number of buyers in the market.
- (iv) Currency risk:** The model can hold some investments that are not denominated in UK Pound Sterling (£). These may be affected by changes in currency exchange rates.
- (v) Emerging market risk:** The model invests in markets where economic, political and regulatory factors can be significant. This may affect the liquidity, settlement and asset values. Any such event can have a negative effect on the value of your investment. Investments in emerging markets can demonstrate significant declines in value over extended periods of time.

Important Information

Past performance is not a guide to future performance. The value of an investment and the income from it may go down as well as up and investors may not get back the amount originally invested. This document may include forward-looking statements that are based upon our current opinions, expectations and projections. We undertake no obligation to update or revise any forward-looking statements. Actual results could differ materially from those anticipated in the forward-looking statements. All data contained within this document is sourced from Cazenove Capital unless otherwise stated.

This document is issued in the UK by Cazenove Capital which is a trading name of Schroder & Co. Limited. Registered office at 1 London Wall Place, London EC2Y 5AU. Registered number 2280926 England. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. For your security, communications may be recorded and monitored. Nothing in this document should be deemed to constitute the provision of financial, investment or other professional advice in any way.

Technical information

Platform launch date	30 April 2019
Model portfolio fee	0.30%
Available as	
General Investment Accounts	
ISAs	
SIPPs	
Portfolio information	
Estimated annual yield ³	1.35%

³Estimated annual yield is not guaranteed and is for illustrative purposes only. Forecasts are not a reliable indicator of future performance.

Availability



Performance monitoring



Awards



Ratings



Find out more

For investment advice please speak to your financial adviser.

If you are a financial adviser visit cazenovecapital.com/advisers or get in touch with your local sales representative.