Marketing material

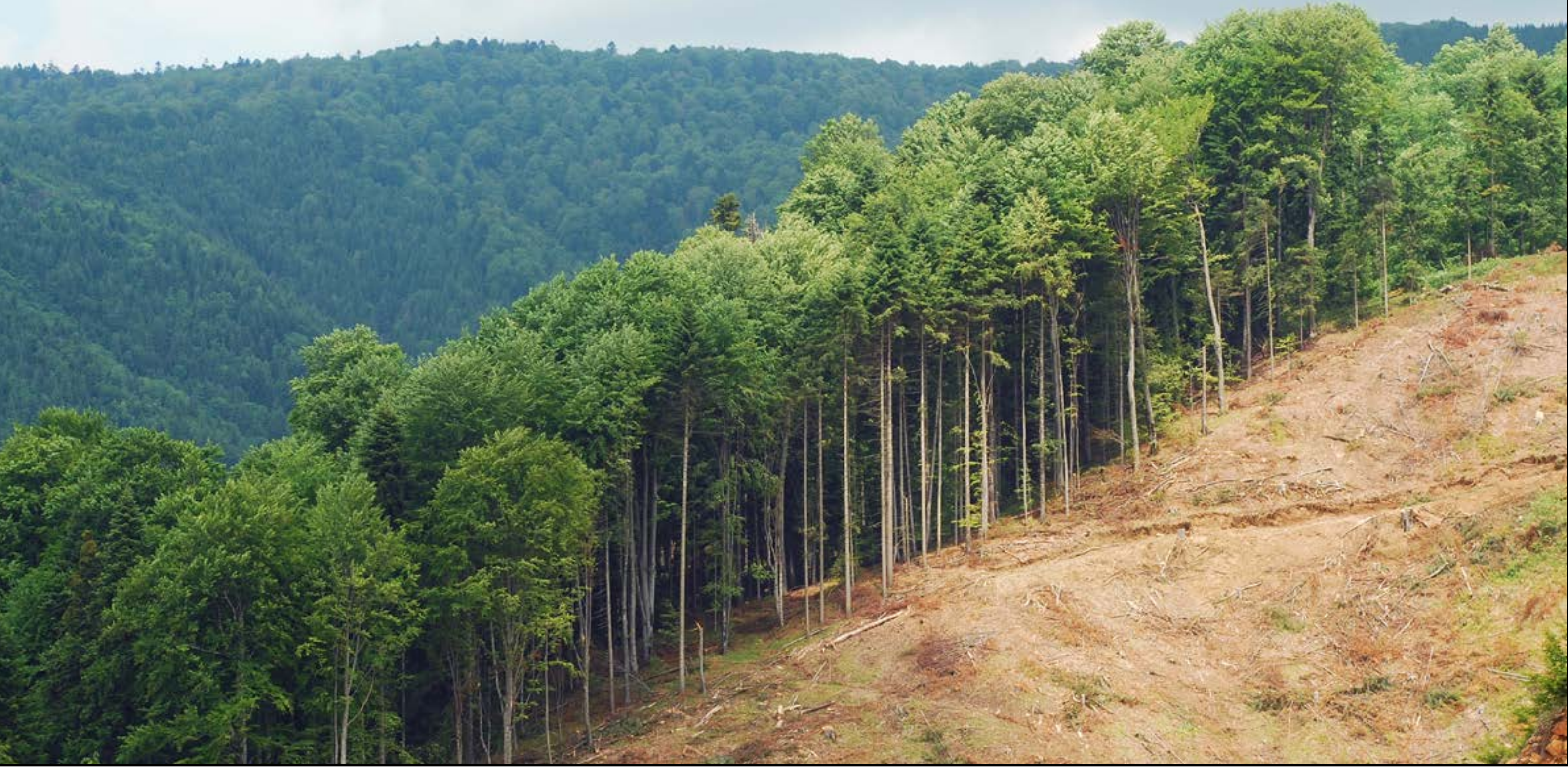
Cazenove Capital Sustainable Model Portfolio Service

Investing for a better future

Client Guide

Schroders

Cazenove Capital



Sustainable investing

As concerns around climate change and social inequalities are increasingly at the forefront of everyone's minds, many investors are considering what they can do individually to make a difference. Whilst some are making changes to their everyday lives, others are reviewing their investments and how they can put these to good use for people and the planet.

If you:

- Are one of the 61% of investors who believe that individuals can significantly contribute to a more sustainable world by choosing sustainable investment products[1]
- Are one of the 52% of investors who will always consider sustainability factors when selecting an investment product or;
- Would like to align your investment choices with your beliefs and values.

Then perhaps investing in a **Sustainable Model Portfolio Service** is for you?

[1] Schroders Global Investors Survey 2019.

Investing for a better future

Our sustainable portfolios are designed to achieve your financial and social objectives. We do this by understanding your Intention, taking Action and investing for Impact

Intention – You choose to use your investments to have a positive impact on people and the planet, while meeting your financial needs

Action – You drive progress by investing in businesses finding solutions to the world's biggest challenges, such as sustainable farming, financial inclusion and the reduction of social inequalities. We use our influence to encourage companies, managers and policy makers to make progress towards achieving the United Nations Sustainable Development Goals

Impact – We measure and manage the impact of your investments. Our sustainable equity portfolios currently produce less than half the carbon emissions and four times the social benefit of a typical portfolio of global equities, as measured by Schroders' award-winning impact measurement tool SustainEx.

What is sustainable investing?

One of the challenges in this market is that there are a range of different terms being used to describe sustainable investing. Typically clients assume that investing sustainably simply means excluding companies involved with certain activities or industries. However, sustainable investing can go further then simply avoiding harm, by looking to contribute to solutions.

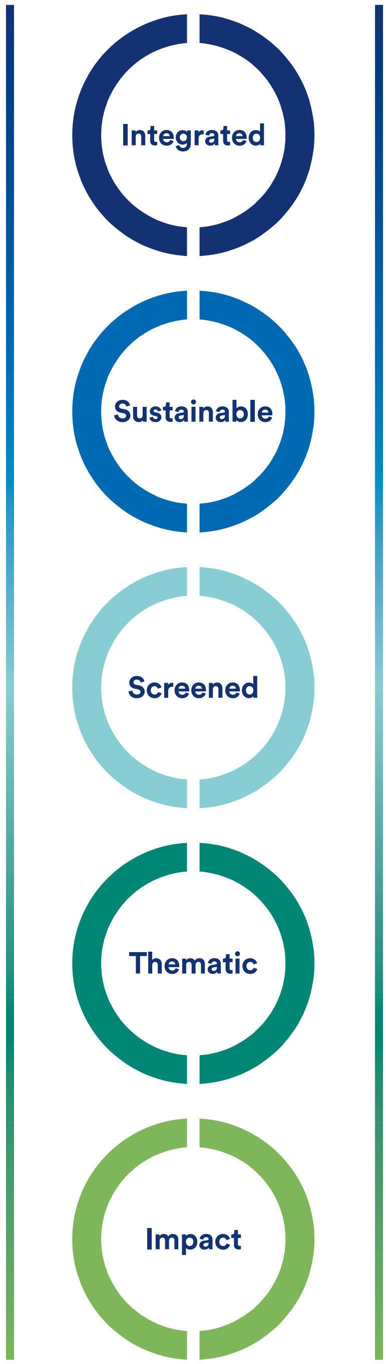
Our sustainable portfolios are designed to meet clients' financial objectives, whilst ensuring their investments are promoting better long-term outcomes for people and the planet. We achieve this through a combination of investing in funds with 'best-in-class' environmental, social and governance (ESG) thresholds, alongside thematic or impact funds, which look to identify companies whose products and services are meeting specific social or environmental needs.

We believe that sustainability covers a broad spectrum of investment approaches and we look to tailor our portfolios across this spectrum. Each strategy has varying objectives and outcomes, which range from those focusing on financial benefit to those with a higher social focus.

Integrated strategies: these are strategies whereby ESG research is integrated into the investment process. ESG risks are considered alongside traditional financial metrics when selecting investments. We believe this should be standard practice across the industry, using ESG integration as a value added risk-management tool.

Sustainable strategies: these strategies focus on companies that are 'best-in-class' in terms of their approach to ESG practices, with an emphasis on creating positive outcomes for all stakeholders and avoiding controversies.

Spectrum of sustainability



Ethical screening: our screening methodology looks to avoid companies with material dealings in traditional 'sin sectors'. As a funded approach, each strategy will have its own set of restrictions, however we monitor the underlying holdings and look to avoid exposure to the below areas:

Sector	Max % of company's turnover
Pornography	3%
Alcohol	10%
Arms	10%
Gambling	10%
High interest rate lending	10%
Tobacco	10%
Thermal coal	10%
Oil deposits	10%

Thematic: thematic strategies pursue a certain environmental or social theme such as environmental efficiency or health and wellbeing. This can be based on a desire to contribute towards advancing these solutions as well as participating in the financial opportunity as demands grow for these products and services.

Impact: investments made with the primary goal of achieving specific, measureable, positive social benefits while also delivering a financial return. An example of impact investing is investing in green bonds, where the proceeds go towards funding a project to mitigate climate change.

Cazenove Capital offer a range of five sustainable model portfolios which invest across these strategies to ensure your financial and social objectives are met.

Our investment process

The investment process is key to ensuring your objectives are met. As part of the Schroder group, Cazenove Capital benefit from the resource of an award-winning sustainability team of dedicated ESG analysts, who coordinate sector research on current and emerging ESG trends. Schroders have received an A+ rating by the United Nation's Principles for Responsible Investment (PRI) organisation for the last five consecutive years, and were included in the top 10 global asset managers for responsible investment by ShareAction.

In addition to the Schroders sustainability team, Cazenove Capital have a team of more than 15 sustainable investment specialists who manage a core 'buy' list of sustainability funds, spanning all major asset classes. This enables us to create portfolios aligned to the core house view in terms of asset allocation and regional biases, whilst being implemented through funds that meet the responsible investment guidelines. Cazenove Capital have managed sustainable portfolios for over 15 years and have a proven track record at delivering strong risk adjusted returns, without compromising your values.

Sustainable model portfolio service explained

Our model portfolio service enables financial advisers to maintain full control of their relationship with you whilst passing the management of your investments and requirements for a sustainable solution to us.

The sustainable model portfolio service was designed and launched for you and your adviser to ensure that your investment goals and objectives are met through a multi-asset solution.

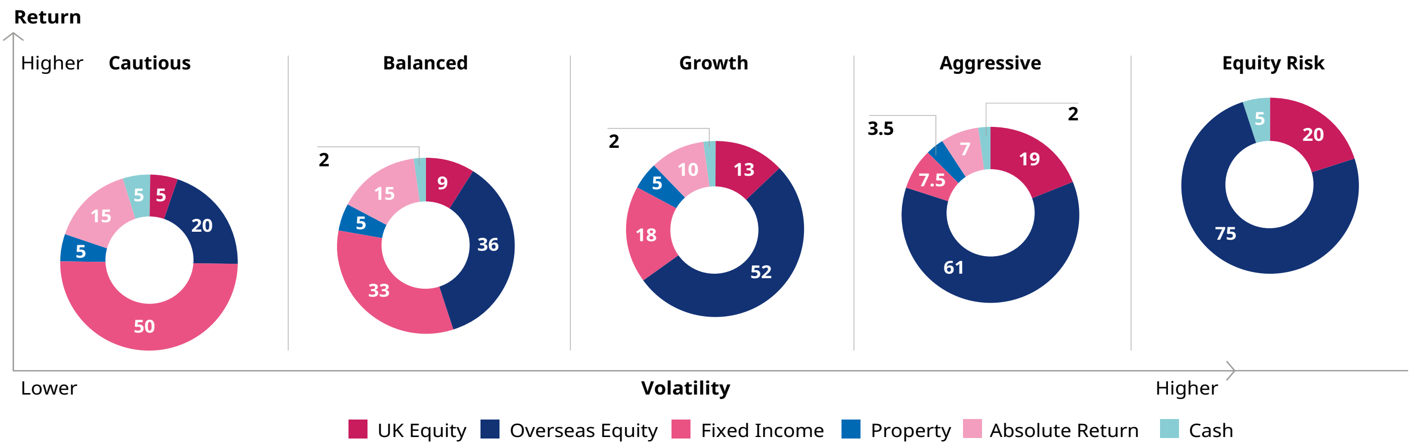
We do this by offering:

- Five actively managed model portfolios investing in a wide range of asset classes aiming to deliver strong risk adjusted returns
- Access to a full range of investment types within the models to ensure a spread of investments (often called diversification) which can help to maximise investment returns and are aligned with your sustainable values
- A range of model portfolios aligned to different levels of risk which clients are willing to take based on a discussion with their financial adviser
- Accessible on an investment platform where you may already hold other investments. All of your investments can be consolidated into a single report and at times this consolidation may enable you to secure a discount on the platform administration charge
- The ability to hold the model portfolios in a range of tax efficient wrappers such as ISAs or a pension to help meet any financial planning requirements you may have
- Invest from as little as £25 by regular monthly savings or from £200 as a lump sum investment
- A cost effective solution with an annual management charge (AMC) of 0.3% and an ongoing charge figure (OCF) ranging from 0.8% to 1.2%[2]

Your adviser will select the most appropriate model based on your specific investment requirements. They will discuss your long-term goals and the level of risk you are willing to take and your capacity for any loss.

An example of the five diversified portfolios are below.

Cazenove Capital Sustainable Model Portfolio Service – long term strategic asset allocation



These charts are for illustrative purposes only and should not be viewed as a recommendation to buy or sell. Asset allocation subject to change.

2 Ongoing charge figure includes AMC, cost of investments but excludes any advice or platform charges. Please speak to your financial adviser for further information.

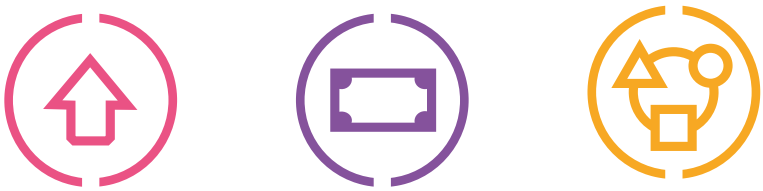
How we manage your money

Active management – Some model portfolios are only reviewed at specified frequencies but our investment team continually monitors the portfolios and makes changes when they see opportunities arise, ensuring they remain within the appropriate risk and asset class parameters.

Asset allocation – We continually ensure that the spread of your investments are aligned to the right asset classes such as equities, bonds, targeted absolute return, property and cash to ensure that your investment requirements are met.

Fund/ investment selection – Within each asset class, our specialist team selects the appropriate investment types to maximise returns and also take account of cost.

Research – Your adviser gains access to our highly experienced team including over 15 ESG experts who also draw on the wider resources of the Schroder Group, a leading investment manager.



Equities Bonds Alternatives

Why choose Schroders and Cazenove Capital for your sustainable investments?

The combined heritage of Schroders and Cazenove Capital is unique in the investment world. Both companies have their history in trade finance that saw the City of London develop into a major commercial and financial centre at the beginning of the 19th Century.

Cazenove Capital have been helping clients to align their sustainability objectives with their investments for over 15 years. As part of the Schroders Group, Cazenove Capital benefits from an award winning Sustainable Investment team, including a team of more than 20 ESG specialists. They are able to offer that capability to a wider range of clients through the Sustainable Model Portfolio Service (MPS).

The multi-manager approach incorporates the best in class solutions across all asset classes, managers and style; and maximises the positive impact of the investment in each model. The internal capabilities at Cazenove Capital ensure that no reliance is placed on third party rating agencies and therefore all decisions to invest are based on internal assessment of the true sustainability of the strategies in which the models are invested.

Find out more

The Cazenove Capital Sustainable Model Portfolios are included on a range of investment platforms. Just speak to your financial adviser to find out how you could invest.

Your adviser will also guide you through your investment options and help you focus on what's important to you. They will also be able to share with you, the latest factsheets, performance and commentaries for the Portfolios.

Important information

Risk considerations

We cannot guarantee that it will achieve the objectives set out for the portfolios. Past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and an investor may not get back the amount originally invested and investments may be affected by fluctuations in exchange rates. The levels and basis of tax assumptions may change. You should obtain professional advice on taxation where appropriate.

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

(i) Interest Rate Risk: For assets investing in fixed income, changes in interest rates are likely to affect the fund'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 investments 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) Derivatives Risk: The use of derivatives may result in relatively small market movements leading to disproportionately large (positive or negative) movements in the value of the investment.

(v) Counterparty Risk: There is a risk that a counterparty may default or not comply with its contractual obligations resulting in financial loss.

(vi) Currency Risk: The assets can hold some investments that are not denominated in UK Pound Sterling (£). These may be affected by changes in currency exchange rates.

(vii) Emerging Market Risk: Some portfolios invest 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.

(viii) Property Risk: Property may be difficult to sell and can demonstrate significant declines in value due to changes in economic conditions and interest rates.

The risks above are not applicable to all solutions. The full details can be viewed on the specific factsheets.

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