

**SARASIN INVESTMENT FUNDS LIMITED
ASSESSMENT OF VALUE SUMMARY**

FOR

SARASIN FUNDS ICVC

SARASIN CHARITY AUTHORISED INVESTMENT FUNDS

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SARASIN FUND FOR CHARITIES

APRIL 2020





FOREWORD FROM THE BOARD

At Sarasin we consider ourselves long term stewards of our clients' assets. Our fundamental purpose is to deliver strong, long-term investment performance and exceptional client service. Our core values are the guiding principles on which we perform our work and conduct ourselves. In an ever-changing world, they remain constant and form the foundation of everything we do.

Sarasin Investment Funds Limited is the Management Company responsible for the effective and prudent oversight of our UK collective investment funds. The Board of Directors are ultimately responsible for ensuring that our funds deliver value to our investors and that they are managed in their best interests. My fellow non-executive director and I provide independent oversight and scrutiny to ensure that this duty is discharged appropriately by the Board.

When engaging our services, the value that our customers receive from us is an extremely important consideration in their choice. Our Regulator has asked us to reflect whether we consider that the funds that we offer provide good value, and to act if they do not. The report that follows summarises the approach we have taken to determining the meaning of value for our fund investors and the methodology we have developed for producing fund by fund assessments of value utilising the seven value considerations that we were asked to incorporate.

We are pleased that the results of the assessments reflect that we are delivering good value to our fund investors. The assessments do highlight some areas for improvement as reflected in the summary that follows, together with any actions that we are taking.

A handwritten signature in black ink, appearing to read 'G Steinberg', written over a horizontal line.

MR G STEINBERG
Chairman of Sarasin Investment Funds Limited

27th April 2020

SUMMARY REPORT

1. INTRODUCTION

Rules and guidance introduced in Policy Statement 18/8 by the Financial Conduct Authority (“FCA”) included regulatory remedies designed to improve competition in the asset management market and the quality of the information available to investors.

The Assessment of Value is one such remedy. It requires authorised fund managers to assess internally the overall value that their authorised funds deliver to the investors in the funds and to publish a summary of those assessments annually.

The Assessment of Value rules define seven minimum considerations that we must use in assessing value, however it does not explicitly define the processes to be followed; the relative weighting of considerations; or the meaning of ‘value’. The responsibility is therefore for our Board to determine the meaning of value for the firm and its fund investors and the methodology for producing assessments incorporating the minimum value considerations.

This report sets out the approach that Sarasin Investment Funds Limited (“the Company”) has taken to making assessments of overall value to investors in the Company’s funds for the period ending 31 December 2019; the results of those assessments; and any actions we are taking.

We are pleased that overall the results reflect that investors in our funds are receiving good value.

2. SUMMARY OF APPROACH

The Board determined that it is appropriate to use the seven minimum considerations for the assessment of value to our investors. We have developed a structured approach, weighting each consideration based

on the Board’s view of their relative importance to investors’ anticipated outcomes from investing in the funds.

For each value consideration, we identified the appropriate quantitative and / or qualitative data inputs that will be used to determine a score, reflecting the extent to which value has been delivered to investors for that consideration. The methodology defines the appropriate time scales and / or periods considered for the data items as relevant and weights the relative importance of the inputs for scoring purposes.

The results for the components contributing to each of the value considerations were summed according to the weighting given to each component to give an overall score. The scores were applied to a RAG scale (red, amber, green) to rate each consideration and to determine the overall assessment of value delivered for each fund. The overall scores and those achieved for each of the consideration components were reviewed by the Board to determine whether further explanation or other action was appropriate.

3. SUMMARY OF RESULTS

In this section we summarise the criteria that we considered are relevant for how value should be delivered for each value consideration. We provide a summary of our findings for each consideration and, where applicable, the actions we are planning to take.

3.1 Performance

We considered the degree to which the achieved investment performance of a fund compares to three success criteria: its investment objectives, comparator benchmarks, and peer funds with similar characteristics. The methodology reflects that primarily value is delivered for investors where a fund has achieved its stated investment objective/s.

The assessment results reflect that the vast majority of our funds scored well against this consideration with all funds achieving their investment objectives. However, a minority of our funds did not score as well as others on this consideration, notably our UK equity funds and the Global Diversified Growth fund, which is a fund of funds.

The investment manager for our funds, Sarasin & Partners LLP, has in place an internal committee for assessing the investment performance of funds and reporting to the Board if investment performance fails to meet certain criteria.

Our UK equity funds had suffered weaker performance until approximately two years ago and they did not score as highly in our assessment, which incorporates a long-term view in the methodology, as a result. Following the period of underperformance, the investment manager changed the individuals managing the funds, which has led to materially improved recent performance. The performance of these funds continues to be closely monitored by the Board.

While it had improved performance in 2019, the Global Diversified Growth fund of funds has had weak historic performance and remains under close review by the investment manager and the Board.

3.2 Quality of service

We considered the range and quality of the services that the Company provides to its investors including the funds’ investment processes, delivery of our stewardship philosophy and the customer experience provided to investors.

The results of the assessment reflect that all funds score well on this consideration. Our investment processes are differentiated with a strong active thematic bias and with

integrated environmental, social and governance factors. We consider that we clearly articulate our service and we rate our service providers positively. External ratings of our services are high and we have low incidence of breaches and complaints.

3.3 Authorised Fund Manager Costs

We considered whether all costs charged to investors and the fund are transparent and understandable to investors, with no hidden costs. Additionally, we considered whether the fees paid by investors are reasonable in comparison to the cost of the services they or the fund receives. This applies not just to management fees but to any other charge, such as those involved in operating the fund.

The assessment found that our funds have clear, simple and well-articulated charging mechanisms. There is a consistent relationship between the annual management charge and the investment manager’s fees for each share class; and the fixed operating charge in the funds reasonably reflect those paid to procure the services required in the running of the funds.

3.4 Comparable market rates

We considered whether the charges levied to invest in the funds provide value when compared with the charges of similar funds.

We compared the ongoing charges figure of each fund to that of the group used for comparison in the Performance consideration. The results reflect that the charges for investing in our funds are not generally the lowest given their active long-term thematic investment approach, however, except for one, the Sarasin Fund of Funds - Global Diversified Growth fund, they are generally within a reasonable range of the median of the charges of the funds in their selected peer groups. We are satisfied however, that the low score achieved

by our Global Diversified Growth fund in this consideration was largely due to a series of fund of funds that invest in index tracking funds being included in the selected peer group, while our fund invests in other actively managed funds. Consequently, whilst we will keep the cost of this fund under review, as we do with all of our funds, we feel no immediate action is necessary.

3.5 Economies of scale

We considered whether, where investors pay a Fixed Operating Charge in a fund, this reasonably represents the costs to the Company of operating the fund. We also considered whether, where a fund or range of funds reaches a certain scale, this should prompt a review to consider whether any material economies of scale can be achieved as a consequence and are available to be passed on to investors.

The assessment highlighted that although the fixed operating charges in the funds reasonably reflect those paid to procure the services required in the running of the funds, we have established trigger mechanisms to pass on potential economies of scale to investors in some, but not all, of the funds. We therefore intend to introduce such mechanisms consistently across all of our funds as soon as possible and the Board will be monitoring the timely completion of this exercise.

3.6 Comparable services

We considered whether we charge investors in the firm’s funds materially higher fees for the services that are available in alternate offerings within the firm’s group of companies with similar objectives, policies and minimum investment size – such as via our discretionary managed customer mandates or in other fund ranges.

The assessment confirmed that the Company or its group companies do not offer investment services with

similar objectives, policies and minimum investment size for lower fees than is available to investors in our funds.

3.7 Classes of units

We considered whether, where the firm’s funds offer different share classes with different charges based on the investor type and the services provided, we ensure that investors holding higher cost share classes (usually invested directly), are made aware that there are alternate means to access lower charging share classes (such as via platforms).

Some of our funds do have higher cost share classes with investors who usually have invested directly. Where this is the case we reviewed to confirm that these investors either have alternative rebate arrangements, or have been made aware that there are alternate means to access lower charging share classes such as via platforms.

3.8 Overall assessment of value

The table in the next section reflects the fund-by-fund results of our assessment of value exercise for the year ending 31st December 2019. The results of our assessment show that our funds have delivered reasonable value to the investors for the period in all of its funds except one, Sarasin Fund of Funds - Global Diversified Growth. This fund scored relatively worse than other funds due to weaker investment performance in the longer term and a relatively high cost to the peer group selected for comparison, as explained earlier in this report. Consequently, this fund remains under close review by us, and its investment manager, as is the long-term viability of the fund of funds strategy of which it is part.

IMPORTANT INFORMATION

4. FUND BY FUND RAG RESULTS

FUNDS	OVERALL ASSESSMENT
SARASIN FUNDS ICVC	
Sarasin Food & Agriculture Opportunities	●
Sarasin Global Dividend	●
Sarasin Global Dividend (Sterling Hedged)	●
Sarasin Global Equity Real Return	●
Sarasin Global Higher Dividend	●
Sarasin Global Higher Dividend (Sterling Hedged)	●
Sarasin GlobalSar - Strategic Fund	●
Sarasin Responsible Corporate Bond	●
Sarasin Responsible Global Equity	●
Sarasin Responsible Global Equity (Sterling Hedged)	●
Sarasin Sterling Bond	●
Sarasin Thematic Global Equity	●
Sarasin Thematic Global Equity (Sterling Hedged)	●
Sarasin UK Equity	●
SARASIN CAIF	
Sarasin Climate Active Endowments Fund	●
Sarasin Endowments Fund	●
Sarasin Income and Reserves Fund	●
SARASIN FUND OF FUNDS OEIC	
Sarasin Fund of Funds - Global Diversified Growth	●
Sarasin Fund of Funds - Global Equity	●
SARASIN FUND FOR CHARITIES	
Sarasin Thematic UK Equities	●

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