

SARASIN **CLIMATE ACTIVE FUND**

A Paris-aligned investment
solution for Charities

2020



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WHY MIGHT CLIMATE ACTIVE SUIT YOU?

Climate change poses potentially catastrophic risks to our way of life. It is also driving government policy that is set to transform how we produce and consume energy, and how businesses operate within society. The world has set itself a target to keep temperature increases well below 2°C, and ideally 1.5°C (the Paris Climate Accord goals), which means we must collectively ensure net carbon emissions come down to zero between 2050 and 2070. The investment community must play its part in accelerating change, to align our long-term financial risks with the long-term sustainability of our planet.

The **Sarasin & Partners Climate Active Strategy** is designed for investors who are seeking to promote change, in alignment with the goals of the Paris Climate Accord.

Charities can access the strategy in one of two ways:

- the Sarasin **Climate Active Endowments**; a diversified multi asset fund designed to achieve a total return of CPI +4% over the longer term.
- a **segregated equity only portfolio**; where trustees wish to only allocate to equities, or a bespoke asset mix, or require additional ethical exclusions

Climate Active is appropriate for those who accept the material risks generated by climate change, and wish to play a collaborative role in driving transformation.

Since launch in February 2018 the strategy has gathered over £500m¹ of assets, via a combination of pooled and segregated mandates.

Have you considered how climate change impacts your investments?

¹ As at December 2019

BACKGROUND

In 2015 the world set itself a target to keep temperature increases well below 2°C, and ideally 1.5°C (the Paris Climate Accord goals). This was in response to overwhelming scientific evidence that the climate is warming at an unprecedented rate, and the potentially devastating impact this will have for millions of people.

Since then data shows that our planet is warming even faster than previously thought and there has not been enough concerted action. The dangers of exceeding the 1.5°C threshold are graver than we had imagined. We must collectively ensure net carbon emissions come down to zero by 2050 if we wish to keep temperature increases to 1.5°C, and by 2070 for a 2°C cap. It is clear that the transformation of the global economy also needs to accelerate.

A PARIS-ALIGNED APPROACH

Our Climate Active is appropriate for investors concerned that:

- Accelerating climate change poses a risk to financial capital
- Climate change will happen more quickly than consensus opinion
- Governments will drive increasingly intense policy action to combat climate change
- Shareholders have a role to play in guiding company boards to align with the Paris goals
- It is important to press for more government policy action

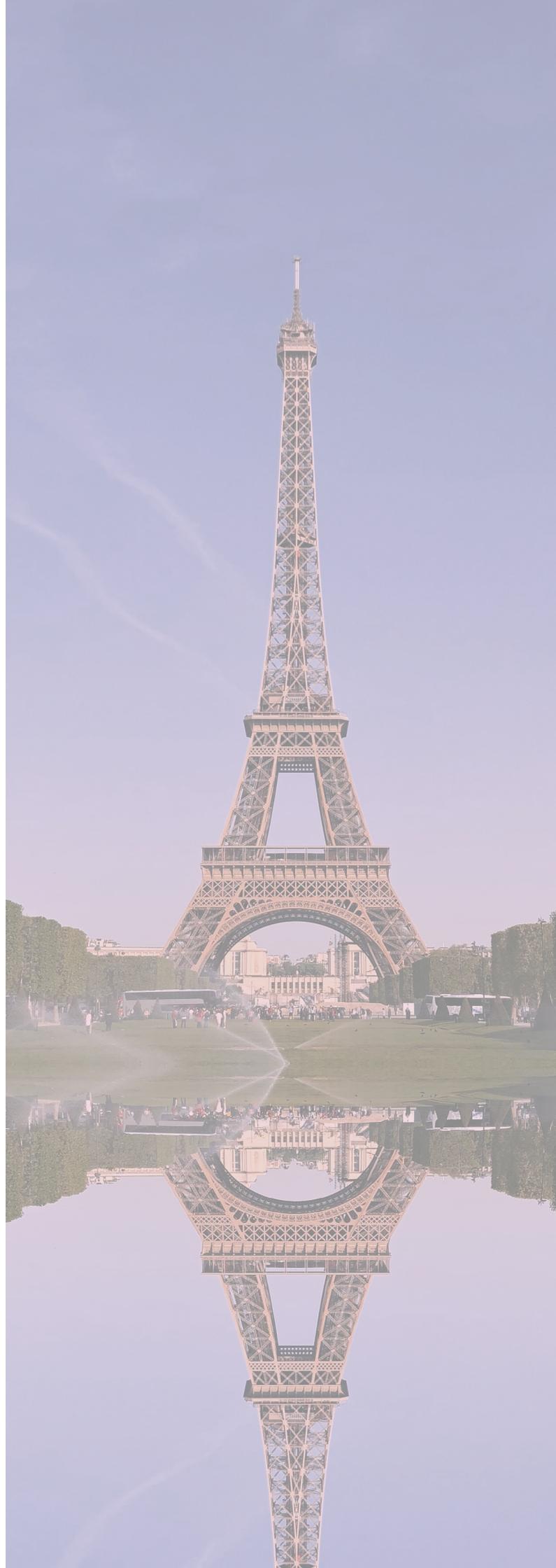
COMPANIES NEED TO BE PART OF THE SOLUTION

Governments must create the environment that drives decarbonisation, but it is companies that will be the principal vehicles for achieving the energy transformation.

There is a deeply entrenched relationship between virtually every company and fossil fuels; they have become part of our economic DNA. Moreover greenhouse gas emissions are a natural consequence of a range of land-based and industrial processes. This relationship leaves almost all companies exposed to some form of climate risk. Investors must be cognisant of these risks and all market participants, therefore, need to be part of navigating the global effort to meet the Paris goals.

We believe that governments must create an environment that drives decarbonisation, and that companies will be the principal vehicles for achieving the energy transition.

Therefore in order to deliver sustained shareholder value many companies will need adjust their strategy and we must understand how climate change will impact a company's long-term profitability. Furthermore we must be prepared to hold management to account to ensure that they address material issues related to climate change.



COMBINING INVESTMENT AND ENGAGEMENT

We aim to deliver attractive returns as the world accelerates its transition to net-zero-emissions by investing in companies that we expect to create value from strategies consistent with a well below 2°C cap in global warming. We also look for companies that will be resilient to the physical impacts of climate change.

Not all companies are aligned with the Paris goals, but we seek to identify those that have the potential to implement a net-zero pathway.

Consequently, a key aspect of our Climate Active philosophy is to drive positive change by pressing boards of directors to take steps towards strategic and operational alignment with the Paris goals. We will engage with companies that fail to articulate a compelling strategy that is aligned with the Paris goals, and will divest if there is no progress within three years.

ACTIVE OWNERSHIP

In our engagements with companies, the Sarasin Climate Active approach is informed by the Oxford Martin School 'Investment and Engagement Principles'²



The Oxford Martin School Investment and Engagement Principles:

1. Commitment to net-zero-emissions by a specific date or at a temperature increase cap (e.g. "well below 2°C"), including supply chains and products sold (i.e. Scope 3 emissions)
2. A profitable net-zero-emission business model: to demonstrate viability and credibility of the strategy
3. Quantitative mid-term targets: to enable verification of progress towards net-zero emissions

This means that directors must commit to a 2050 to 2070 net-zero carbon emission pathway, and set out how they will get there in a way which enhances shareholder capital³.

²Original principles published in 2015, with revised principles published in 2018.

³Special Report: Global Warming of 1.5°C by IPCC, published October 2018

To achieve these engagement objectives, the Sarasin Climate Active approach uses active ownership tools ranging from voting and engagement, to public calls for action and building coalitions with like-minded stakeholders.

Company engagements are guided by our **Climate Active Advisory Panel**. The Panel comprises individuals with deep experience of activist investment, climate change, the Paris Accord and the energy sector. Their involvement helps to ensure that we select our targets wisely and that the engagements are effective.

MULTI ASSET WITH AN ETHICAL OVERLAY

Sarasin & Partners can apply its Climate Active approach across bonds, UK equities, overseas equities and alternative assets.

In addition to the embedded climate active principles, the Sarasin Climate Active Endowments CAIF also avoids investment in a limited number of other controversial industries. Where clients want to follow their own specific ethical investment policy, we are happy to discuss how these can be integrated into a bespoke, segregated portfolio.

THE CLIMATE ACTIVE ADVISORY PANEL

In 2017, we created a Climate Active Advisory Panel to help us consider all matters related to investing against a backdrop of climate change and the need for the world to decarbonise. The panel meets four times a year, supplemented by informal communications between meetings, to discuss divestments, corporate engagement and activist policies, together with potential policy work in conjunction with governments and like-minded institutions.



DAVID PITT-WATSON (CHAIR)

David is a leading practitioner in the field of responsible investment. He is a Fellow of the Judge Business School at Cambridge and a Director of KPMG and chaired their Public Interest Committee until November. He was the Treasurer of OXFAM until 2017 and a trustee of Nesta, the innovation charity. Previously, David was Chair of Hermes Focus Funds. As co-founder, and CEO of the Focus Funds and Equity Ownership Service, he built and led the largest responsible investment group of any institutional fund manager in the world. David has co-chaired the UN Environment Programme's Finance Initiative and was closely involved in the setting up of the UN's Principles for Responsible Investment.



HEIDI HELLMAN

Heidi became Head of Group Strategy and Market & Competitor Intelligence at Centrica in 2016. She was previously Head of Strategy at BG Group and had various strategy roles at Royal Dutch Shell. Heidi has had over 25 years' experience working in the oil and gas and power sectors, having started her career at Exxon in 1991. She has an MBA in Finance and Multinational Management from The Wharton School, University of Pennsylvania.



SIR JOHN BEDDINGTON

Sir John is Senior Advisor to the Oxford Martin School and Professor of Natural Resource Management at Oxford University, from 2008 until 2013 he was the Government Chief Scientific Adviser (GCSA) reporting directly to the Prime Minister. As GCSA, he was responsible for increasing scientific capacity across Whitehall. During his time as GCSA he set up the Scientific Advisory Group in Emergencies (SAGE) that reported to the COBRA committee. He is a Non-Executive Director of the Met Office, chairs the Cabot Institute External Board at Bristol University, the Global Academies Panel at Edinburgh University and the Systemic Risk Institute at the LSE.



PROFESSOR CAMERON HEPBURN

Cameron Hepburn is Director of the Smith School of Enterprise and the Environment. He is also Professor of Environmental Economics at the Smith School and at the Institute for New Economic Thinking at the Oxford Martin School. He is a Professional Research Fellow of The Grantham Research Institute at the London School of Economics and a Fellow at New College, Oxford. He is an expert in environmental, resource and energy economics and is involved in policy formation, including as a member of the DECC Secretary of State's Economics Advisory Group. Cameron has advised governments (such as China, India, UK and Australia) and international institutions (e.g. OECD, UN organisations) on energy, resources and environmental policy.

THE CLIMATE ACTIVE ADVISORY COMMITTEE

Sarasin & Partner's Climate Active approach was officially announced with the launch of the Climate Active Endowments Fund in February 2018.

In late 2005, Sarasin & Partners launched the original Endowments Fund with £50m of assets: it has since grown to over £1.7bn and is followed closely by over £3bn of segregated mandates. Having developed our new Climate Active approach with a number of interested clients, in February 2018, £80m of assets spanned out of the original Endowments Fund to launch the Climate Active Fund. As at 31 January 2020, the Climate Active Endowments Fund has grown to £250m and is followed closely by a further £260m of segregated mandates.

Structured as a CAIF*, charities investing via the Fund not only benefit from very simple administration and efficient implementation, but also from the added oversight of the CAIF Advisory Committee. The Committee meet with Sarasin & Partners four times a year; the role of the committee is to review and challenge the activities of the fund on behalf of the underlying unit holders. The Committee also attend the Advisory Panel meetings.



CHRIS STEPHENS (CHAIR)

Chris is Chairman of OCS Group and a Trustee of Power to Change. Previously he was Chairman of the Judicial Appointments Commission (JAC), a Member of the Senior Salaries Review Board (since 2009) and a Civil Service Commissioner (2004-2009). As well as a non-executive director of WSP, a global engineering consultancy, and Holidaybreak plc, a travel and education business. He was Chairman of Traidcraft (until March 2011) and Chairman of the DHL (UK) Foundation (until May 2011), a charity committed to community development and education projects both in the UK and worldwide.



EDWARD MASON

Edward is Head of Responsible Investment, Church Commissioners a position that he took up in 2014 having previously served for 5 years as Secretary of the Church of England Ethical Investment Advisory Group (EIAG). Prior to working at the Church of England, Edward served for 15 years as a British diplomat, leaving in 2005 to help establish the diplomatic advisory group Independent Diplomat. Edward is actively involved in the work of the Institutional Investors Group on Climate Change, UN-convened Net Zero Asset Owner Alliance, Climate Action 100+ and UK Sustainable Investment and Finance. He sits on the Oxford University Socially Responsible Investment Review Committee.



KATIE BLACKLOCK

Katie is a former fund manager who spent 15 years investing in emerging markets. She was a founding partner of the London based hedge fund Nevsky Capital and continues to be involved in financial markets through her non-executive roles at Edmond de Rothschild. She is also a member of M&G Plc's With Profits Committee.

*CAIF: Charity Authorised Investment Fund, an FCA regulated UCITS fund, designed for charities

KEY INFORMATION - SARASIN CLIMATE ACTIVE ENDOWMENTS FUND

Sarasin Climate Active is available as a multi-asset or single asset portfolio, designed for charity investors who are seeking attractive and sustainable investment returns by investing in a way that is aligned with the Paris Climate Accord, keeping temperature increases well below 2°C and ideally 1.5°C while also pushing companies to align with the Paris goals.

INVESTMENT GOALS

- To invest in alignment with the Paris Climate Accord goals of keeping temperature increases well below 2°C, and ideally 1.5°C.
- To produce a consistent stream of income: the Fund can make use of an 'income reserve' account to smooth income payments to unit holders. Income is expected to grow consistently over the longer term, but not necessarily every single year.
- To achieve long-term capital and income growth. This is defined as being a total return target of inflation (CPI) +4.0% per annum over the longer term (7-10 years).
- The Fund will seek to outperform a bespoke, index-based benchmark.
- The Fund will seek to outperform the ARC Steady Growth Charity Index.

ILLUSTRATIVE MULTI-ASSET RISK AND RETURN FEATURES

The benchmark and tactical operating parameters of our multi-asset strategy are set out below:

ASSET CLASS	STRATEGIC ALLOCATION (%)	RANGES (%)
Government Bonds	7.5	0 - 35
Corporate Bonds	7.5	0 - 10
Cash		0 - 10
Total Bonds & Cash	15.0	5 - 35
UK Equities	20.0	10 - 30
International Equities	50.0	30 - 60
Total Equities	70.0	50 - 80
Total Property	5.0	0 - 10
Total Alternatives	10.0	0 - 20
Total	100.0	
Sterling Weighting	60.0	50 - 100

Projected returns	Income yield	2.8
	Trend annual return	5.3
	Trend annual 'real' return	3.3
Key risk metrics	Maximum annual drawdown	-22.7
	5% Value at Risk (VaR)*	-10.0
	Annualised volatility	9.3

Please note: there are no guarantees that the projected returns will be achieved.

Source: Sarasin & Partners LLP. *Data since 31.12.05. As at 31.12.19. VaR is the statistical measure of 'minimum' anticipated loss over a given period. Our calculations are based on historical observations since 1 January 2000. For example a 95% 1 year VaR of -12.0 means that you could expect to lose at least 12.0% 1 in 20 years (5% of the time).

ACTIVE MANAGEMENT

The strategic asset mix of the Fund (as defined by the benchmark) sets out how the portfolio will be allocated in normal market conditions. However, the Fund is actively managed and when there is a strong sentiment, positive or negative, on a particular asset class, the Investment Manager will actively deviate away from this asset mix and the securities in the underlying indices to meet the fund's performance objectives.

CURRENCY HEDGING STRATEGY

The natural position for this fund is to hedge some non-sterling currency exposure back to the benchmark weighting (60%) in sterling. However, as an actively managed fund, the Investment Policy Committee and Fund Managers may take a view on expected movements in currency and recommend more or less hedging. Cross currency hedging is permissible.

PORTFOLIO CONSTRUCTION

Sarasin & Partners will seek to weight positions by conviction, while incorporating sufficient diversification within and across asset classes, regions, themes and opportunity sets to spread risk efficiently. We would expect to own:

- Up to 100 bond positions. Maximum exposure to non-investment grade bonds is 20% of the total fixed interest weighting
- Up to 100 equities, diversified by theme, sector and geography
- Property and alternative assets will predominantly be owned via specialist 3rd party funds

ETHICAL RESTRICTIONS

The Fund will operate a negative screening policy as follows:

- No investment in companies with 5% or more of their turnover involved in the mining of thermal coal or tar sands
- Following engagement, no investment in companies that needlessly emit significant quantities of carbon

into the atmosphere, or which do not take seriously the transition to a low carbon economy

- Qualitative judgments to be considered on a regular basis by the Climate Active Advisory Panel
- Zero tolerance on tobacco production and manufacturing of tobacco related products
- No investment in companies that generate significant turnover from armaments, alcohol, gambling and adult entertainment

DERIVATIVES

The fund uses derivatives for investment purposes and is not limited to their use for Efficient Portfolio Management only. However, the fund does not target market exposure of above 100%.

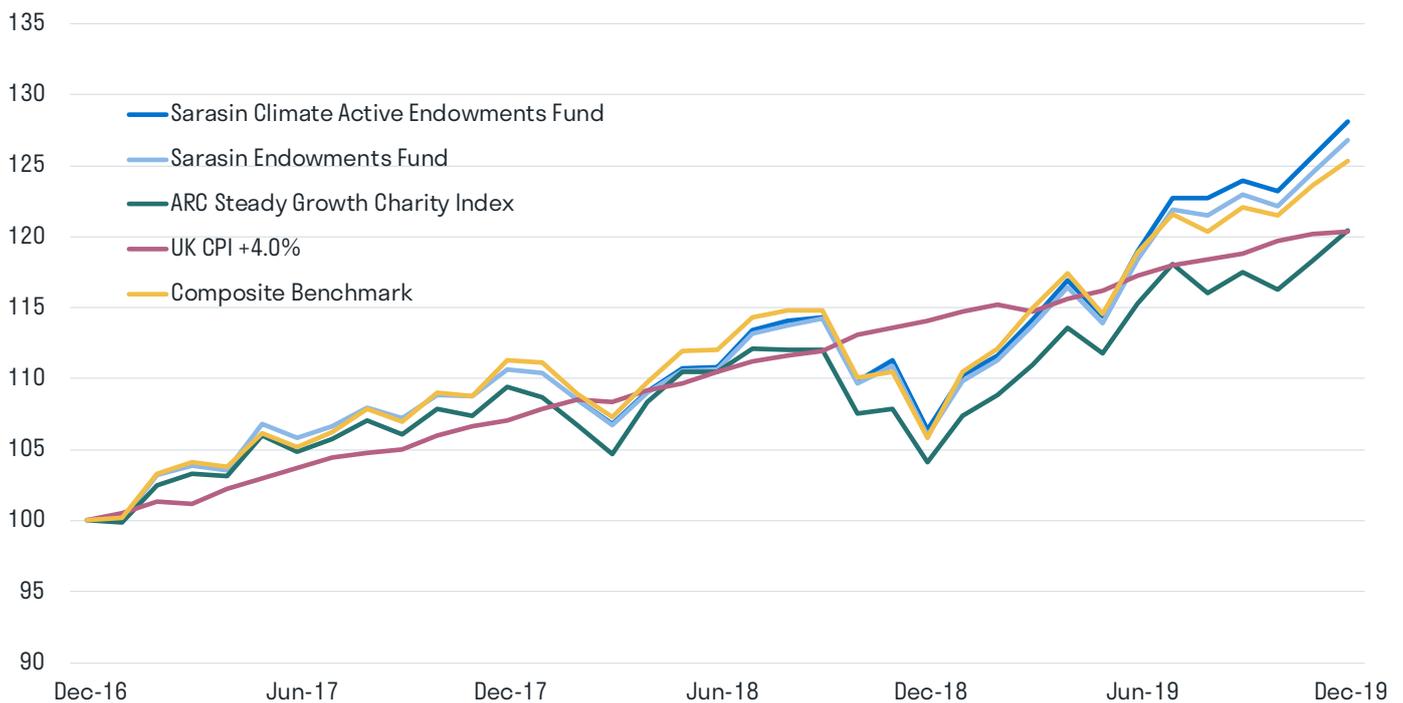
COSTS

The investment management fee within the Fund is 0.75% per annum. For investors with over £3m to invest, the following sliding fee scale will apply, with rebates being paid quarterly in arrears:

- 0.750% on the first £3m
- 0.625% on the next £2m
- 0.425% on the next £15m
- 0.375% on the next £15m
- 0.300% above £35m

The other operational costs of managing the CAIF are expected to amount to 0.07% per annum. In addition, we expect between 7.5% and 17.5% of the Fund to be invested in specialist property and alternative investment funds which will have other costs imbedded within them.

01 PERFORMANCE



Source: Sarasin & Partners, 31.12.19. The Climate Active Endowments Fund launched in February '18. The chart shows performance since launch. Longer term performance is illustrated by the Sarasin Endowments Fund which has the same asset allocation and investment objective as the Climate Active CAIF.

DISCRETE 12 MONTH PERIODS TO 31 DECEMBER	2017	2018	2019	Since Climate Active Inception (16.02.18)
Sarasin Climate Active Endowments Fund	-	-	20.4	18.8
Sarasin Endowments Fund	10.7	-4.2	19.6	17.3
ARC Steady Growth Charity Index	9.4	-4.9	15.7	10.8*
Long-Term Benchmark: UK CPI +4.0%	7.3	6.4	5.5	11.8
Composite Benchmark	11.3	-4.9	18.5	15.4

***ARC data from 31.01.18 to 31.12.19. Performance is provided net of fees. Past performance is not a reliable guide to future performance. The past performance was calculated in GBP on a net asset value basis with distributable income reinvested.**

Performance is calculated in sterling on the basis of net asset values (NAV) and gross dividends reinvested. Source: Sarasin & Partners LLP. All data as at 31.12.19. 1 Benchmark: FTSE All Share 5% capped (Total Return) UK 20%, BofAML Gilts All Stocks Index 7.5%, MSCI AC World ex UK (Net Total Return) 40%, MSCI AC World ex UK (Local Currency) (GBP) 10%, BofA Merrill Lynch Sterling Corporate 7.5%, MSCI All Balanced Property Funds – One Quarter Lagged 5%, UK cash LIBOR 1 month (Total Return) 10%. ^Fund Inception: 31.12.2005.

COMPANY ENGAGEMENT IN MORE DETAIL

We take great care in our approach to company engagement. Where it makes sense to work collaboratively with other long-term investors to increase the pressure and ensure our voice is heard, we will seek to build alliances.

All our conversations with companies are based on an assessment of long-term shareholder returns, taking the Paris climate commitments into account. This assessment is holistic, incorporating scientific data on climate change, emerging regulation and technological advances.

Our approach to engagement seeks to be supportive of positive action, but challenging to inaction. In keeping with the Oxford Martin School Investment and Engagement Principles, we look for an explicit statement from the business of alignment with the Paris goals with a net-zero-emissions target; a credible and profitable strategy to deliver this and measurable milestones.

Key features of our approach include:

PRIORITISATION

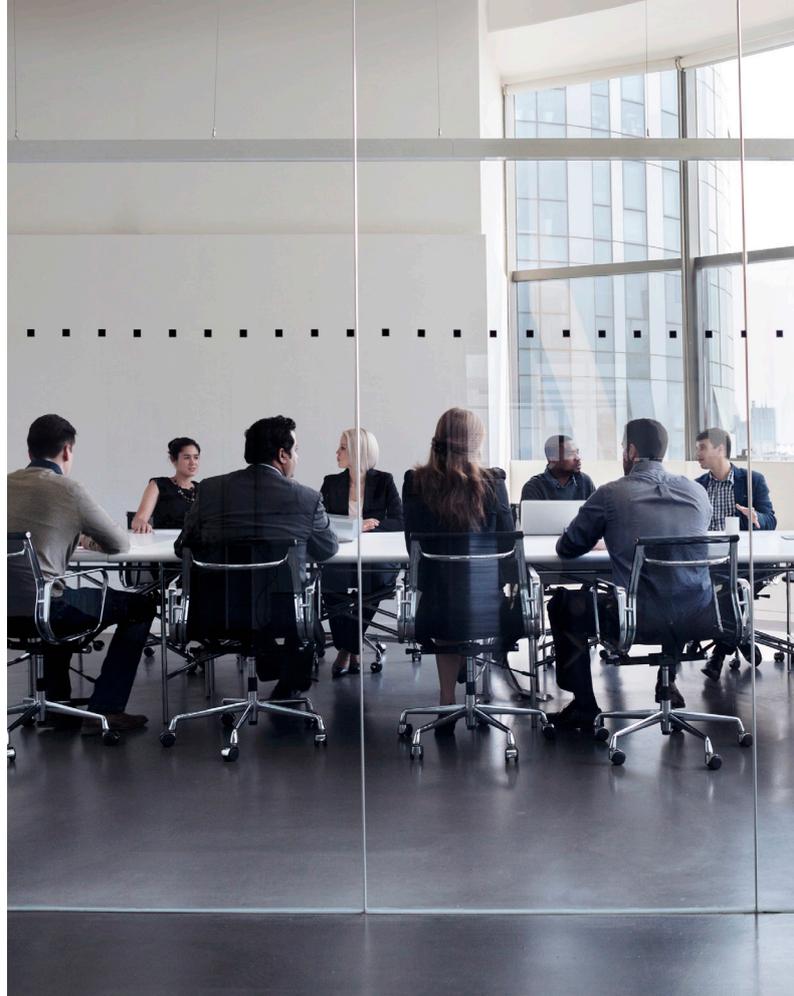
Engagements are strictly prioritised to ensure we target companies where: 1) there are core strategic misalignments with the Paris goals that impede long-term value creation for shareholders; and 2) where we believe we can effect change.

THOROUGH ANALYSIS

Unless we can present a well-researched and compelling case for change, we will not gain traction with the broader shareholder base or the Board of Directors, which is essential for success. The focus is on capital allocation and strategy, but we also consider operational matters. Our input aims to point to emerging problems from a long-term shareholder perspective, taking climate risks into account.

CLEAR AND ACHIEVABLE TARGETS

The course of action identified by the Board should be achievable and include specific targets, e.g. new operational targets to minimise emissions, capex plans that take account of a lower carbon world or dividend policy to return cash to shareholders where suitable investment opportunities do not exist.



ESCALATING PRESSURE ON THE BOARD

We always seek a constructive dialogue with the Board. Initially we hold private conversations setting out our concerns. Where appropriate, we will reach out to other large and/or concerned shareholders to explore joint action. Where private engagement fails to gain sufficient traction, we may look to increase pressure on the Board. Possible actions include: publicly disclosing our concerns and calling for change; using our vote to apply pressure on directors; reporting breaches of director duties, or rules governing company reporting to shareholders; filing shareholder resolutions or in extreme cases putting forward director candidates.

WINNING THE ARGUMENT

We may make our case public to help raise awareness of risks to shareholder capital. Additional leverage is gained by building a network of supportive thought leaders in the business and policy worlds. Wherever appropriate, we seek to act in conjunction with our underlying investors and the Climate Active Advisory Panel to bring more voices to the debate and remind companies who their underlying shareholders are.

Sarasin Climate Active prioritises policy outreach to promote regulatory and market-wide action that supports decarbonisation. This is important because climate change is a systemic challenge, which demands an economy-wide response.

CHANGING THE SYSTEM

POLICY OUTREACH

Climate Active prioritises policy outreach to promote regulatory and market-wide action that supports decarbonisation. This is important because climate change is a systemic challenge, which demands an economy-wide response.

Our policy outreach compliments our company engagements. It is also supportive of our investment positioning for an accelerated policy response to climate change.

For many policy initiatives we collaborate with other investment managers, joining broader initiatives like the Climate Action 100+ Group, the International Investor Group on Climate Change (IIGCC), the United Nations Principles for Responsible Investment (UNPRI), the Portfolio Decarbonisation Coalition (PDC), and the Transition Pathways Initiative (TPI).

We also work with other like-minded professional bodies pursuing the same goals, like ClientEarth (a public interest law organisation) and ShareAction.

One area where we are taking a lead is in promoting more reliable and prudent accounting and audit for material climate risk within companies' financial statements. This is vital to underpin the efficient allocation of capital between and within companies, by ensuring that the correct information is sent to market participants. It is also key to ensure company executive bonuses are based on performance numbers that incorporate climate risks.

This builds on our established reputation in the UK and internationally for policy work on accounting and audit standards.

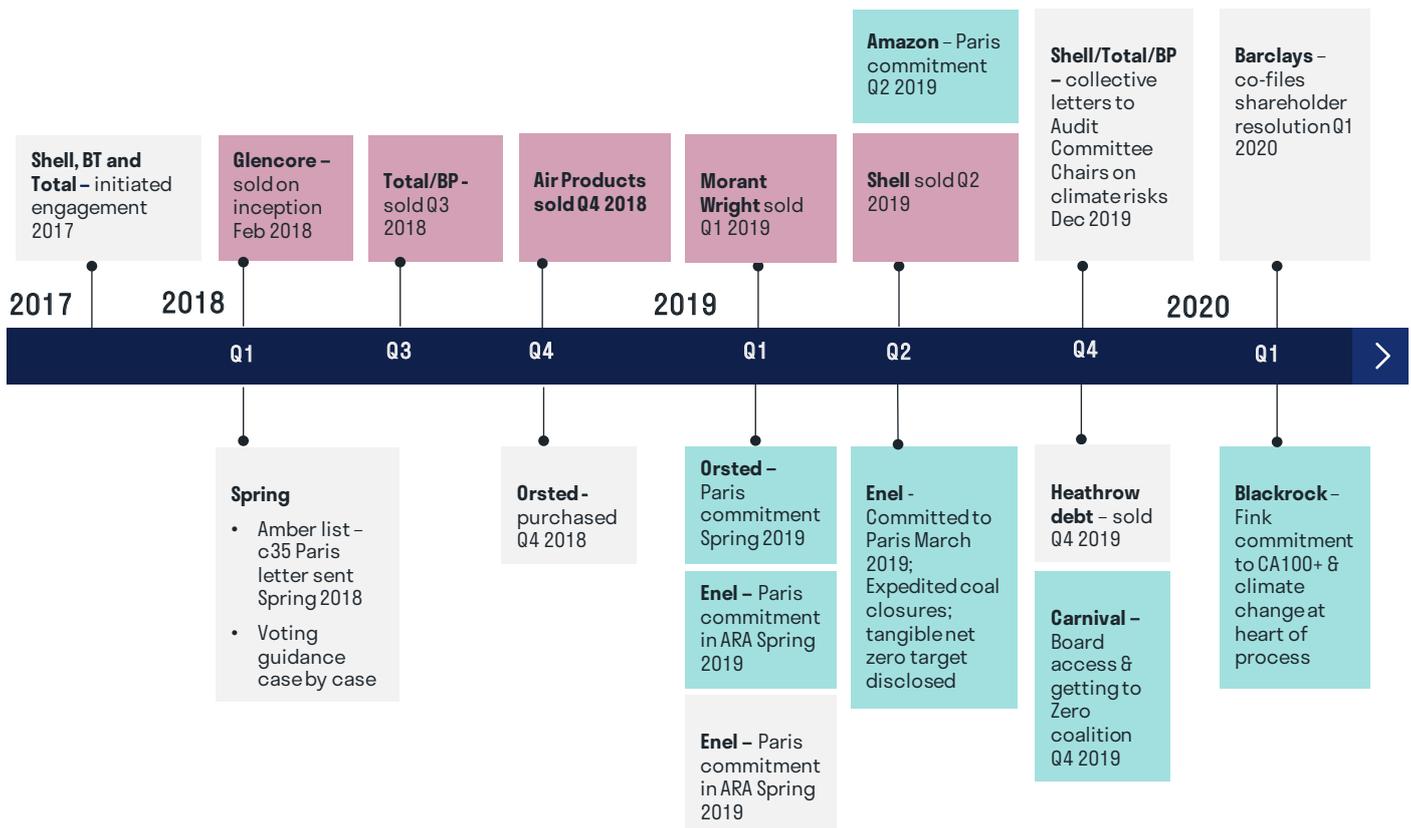
Another focus is promoting more thoughtful voting by the asset management industry, which as a whole currently fails to use its votes to hold directors to account. Where material, directors need to be held to account for failing to align with the Paris goals.

Apart from the change that can result from policy outreach, engaging in the broader policy debate is a powerful complement to individual company dialogues because it:

- builds credibility with Boards with whom we speak; and
- helps us form alliances with like-minded investors and supportive thought-leaders, improving chances of success in company engagements.

KEY ACTIVITIES SINCE LAUNCH

01 INVESTMENT AND ENGAGEMENT HIGHLIGHTS



Source: Sarasin & Partners, 31.01.20

- = sale
- = engagement action
- = impact

Glencore - sold Q1 '18 due to thermal coal exposure

Total and BP – sold Q3 '18 following detailed stress-testing of integrated oil and gas companies. As a result of this work we decided to hold and engage with Royal Dutch Shell and sell Total and BP. Our analysis showed that Shell was best positioned to navigate the energy transition, the management team were more advanced in aligning the business and had responded well to our engagement.

Air Products - sold Q4 '18 after a lack of confidence that company management were considering climate risks, and instead its capital allocation policy is heavily weighted towards coal gasification – a technology that is incompatible with a well below 2°C scenario

Morant Wright – Sold Q2 '18 we engaged with Morant Wright to understand how transition and physical risks were integrated into the process and received a response confirming that no climate factors were considered in the investment process.

Royal Dutch Shell - See overleaf

Heathrow debt - sold Q4 '18 over material increase in Scope 3 emissions that a third runway represents and concerns over the high levels of debt relative to the regulated asset base.

DIVESTMENT FROM ROYAL DUTCH SHELL (Q2 2018)

Following two years of active engagement, Sarasin Climate Active sold Royal Dutch Shell in Q2 2019.

The catalyst was Shell's publication of its five-year strategy on 4 June 2019, which set out its intention to allocate \$28bn of shareholder capital a year to fossil fuel activities, representing over 90% of the total budget. The consequence of this capital deployment plan is a rising fossil fuel production profile.

We believe that this strategy runs contrary to Shell's public commitments to support the Paris Climate Agreement. To achieve the Paris goals, greenhouse gas emissions need to fall to net zero by between 2050 and 2070.

While it is technically possible for Shell to implement deep cuts in fossil fuel production after 2030, this will become increasingly disruptive and management made no such commitment. There was also no explanation of how the announced capital expenditure would deliver its commitment to support the Paris Agreement. The reality is that as long as emissions keep rising, the risks to our climate also rise.

This was a disappointing outcome given our extensive engagements with the company over a two-year period, including one-on-one meetings with several Board members and senior executives. Our engagements were alongside the collective effort of the Climate Action 100+ initiative, representing over \$35 trillion in assets (as at 31.12.19), with which we are also involved.

To draw public attention to Shell's misalignment with the Paris goals, we published our letter to the Board. This was covered widely in the mainstream and financial press including the Financial Times, the Guardian, Telegraph, Bloomberg and Reuters. We hope that our action will encourage other shareholders to consider carefully the climate implications not just of Shell's capital expenditure plans but also those of other oil and gas companies.



IN SUMMARY

The Sarasin Climate Active Fund integrates climate risk in its investment analysis. It identifies climate risks and uses active investment and engagement with companies to achieve a Paris aligned portfolio.

CONTACT US

If you would like to learn more about the Fund and our approach, please contact:

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ABOUT SARASIN & PARTNERS

We are a specialist asset manager, trusted to invest £14.7 billion* on behalf of charities, private clients, institutions and intermediaries from the UK and around the world. The group manages £7.0* billion on behalf of charities and other notforprofit organisations and currently employs just over 200* people.

As longstanding providers of multiasset investment solutions, our diverse, experienced team stretches from global analysts and economists to risk experts, all sharing knowledge and ideas on a daily basis. We are passionate about what we do, and focus exclusively on delivering strong, longterm investment performance and exceptional client service.

Using our history of investment expertise and innovation, we seek the most suitable businesses for longterm investment, taking seriously our role as stewards of our clients' assets.

We operate as a partnership, with local management owning 45% of the economic interest. The remainder is owned by Bank J Safra Sarasin. The Group in total has assets under management in excess of £132 billion.**

Further information can be found at www.sarasinandpartners.com

*as at 31.12.2019

**Source: Bank J Safra Sarasin as at 31.12.18 (annually); exchange rate used as at 31.12.18 is CHF:GBP = 0.7966.

Published BJSS AUM 31 December 2018
CHF165.0bn.



IMPORTANT INFORMATION

If you are a private investor, you should not act or rely on this document but should contact your professional adviser.

These Funds are designed for charities within the meaning of Section 1 of the Charities Act 2011 or as defined in paragraph 1(1) Schedule 6, Finance Act 2010 which are organised, incorporated or resident in the United Kingdom or Ireland. There is no minimum investment period, though we would recommend that you view your investment as a medium to long term one (i.e. 5 to 10 years). Frequent political and social unrest in Emerging Markets, and the high inflation and interest rates this tends to encourage, may lead to sharp swings in foreign currency markets and stock markets. There is also an inherent risk in the smaller size of many Emerging Markets, especially since this means restricted liquidity. Further risks to bear in mind are restrictions on foreigners making currency transactions or investments. For efficient portfolio management the Fund may invest in derivatives. The value of these investments may fluctuate significantly, but the overall intention of the use of derivative techniques is to reduce volatility of returns. The Fund may also invest in derivatives for investment purposes.

ARC Charity Indices are based on historical information. **Past performance is not a guide to future returns and may not be repeated.** 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.

Asset Risk Consultants Limited (ARC) is an independent investment consultancy specialising in the analysis of private client and charity investment portfolio performance. Circa 30 investment houses supply ARC with performance data across their entire charity base. Portfolios falling into the Steady Growth risk category will have exhibited a historical variability of returns in the region of between 60 - 80% of UK equity markets. Portfolios in this category usually have a significant allocation to equities (in excess of 50%) but also have material exposure to a range of other asset classes. For more information about ARC, please see 'Important Information' at the back of this document. ^Fund Inception: 31.12.05.

This document has been approved by Sarasin & Partners LLP of Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, a limited liability partnership registered in England & Wales with registered number 00329859 which is authorised and regulated by the Financial Conduct Authority with firm reference number 475111 and passported under MiFID to provide investment services in Republic of Ireland.

The investments of the fund are subject to normal market fluctuations. **The value of the investments of the fund and the income from them can fall as well as rise and investors may not get back the amount originally invested.** If investing in foreign currencies, the return in the investor's reference currency may increase or decrease as a result of currency fluctuations. **Past performance is not a guide to future returns and may not be repeated.**

There is no minimum investment period, though we would recommend that you view your investment as a medium to long term one (i.e. 5 to 10 years). Frequent political and social unrest in Emerging Markets, and the high inflation and interest rates this tends to encourage, may lead to sharp swings in foreign currency markets and stock markets. There is also an

inherent risk in the smaller size of many Emerging Markets, especially since this means restricted liquidity. Further risks to bear in mind are restrictions on foreigners making currency transactions or investments. For efficient portfolio management the Fund may invest in derivatives. The value of these investments may fluctuate significantly, but the overall intention of the use of derivative techniques is to reduce volatility of returns. The Fund may also invest in derivatives for investment purposes.

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“The greatest threat to our planet
is the belief that someone else will
save it”

- Robert Swan OBE (Historian and explorer)

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