City Asset
MANAGEMENT PLC

City Asset Management Plc
2011 13 2024
YEARS
Managed Portfolio Service

Adviser Guide to our

Managed Portfolio Service

A safe pair of hands for your client's investment

Managing your clients' investments takes considerable time and resources. But by partnering with us, we can take some of that workload off your shoulders and help you do business more efficiently. Our Managed Portfolio Service ('MPS') offers your client access to eight professionally managed portfolios with clearly defined objectives and risk profiles, allowing you to free up more of your time to focus on financial planning and building relationships, with the peace of mind that your client's investment is in safe hands.

All eight of our managed portfolios aim to create wealth for your client by delivering consistent returns over the longer-term. We focus on delivering real returns and outperforming inflation, with portfolios that cover a range of performance targets depending on your client's appetite for risk and sustainable investing needs.

Navigating through challenging markets to meet these targets requires expertise, experience and resources – a combination that we at City Asset Management ('CAM') have consistently delivered to investors and advisers for 35 years.

Proud of our heritage

We are a privately owned firm, whose main shareholders are our working directors and staff. We are proud to be unencumbered by external shareholders and any potential conflicts of interest that might arise. Instead, we maintain our focus on clients and their longer-term needs, and are free to choose the right investments for your clients from the enormous range available.

"Our strength is our history and our people. The continuity of staff, together with our openness and effective communication, are the key drivers to the successful relationships we build with advisers and clients."

NICK COGHILL, CHIEF EXECUTIVE

What can we offer you?

- Investment management expertise, with institutional buying power
- Real return solutions which are outcome focused, helping you deliver your client's financial plan
- A wider range of investments with no impact on your Professional Indemnity costs
- Access to our latest research and monthly performance factsheets
- Technical assistance from our experienced team of Business Development Managers
- More time for you to nurture existing and build new client relationships

What can we offer your client?

- A distinctive inflation-plus range of solutions
- Two equity-based mandates for higher risk appetites
- Sustainable solutions for clients who wish to make more impact with their investment choices
- A low, all-inclusive management fee of 0.25% p.a.
- A long-term track record of success (our first managed portfolios were launched in 2011)
- Availability via an extensive range of tax wrappers, including ISAs, pensions and offshore bonds
- Review and rebalancing of portfolios quarterly (or more frequently if needed). Independent risk ratings, ensuring consistency of risk management and assessment

defaqto
DFM MPS on Platform 2024
EXPERT RATED

Free up your time to focus on client relationships

Our Managed Portfolio Service has been specifically designed for advised clients for whom a bespoke discretionary service may not be suitable

Our service allows you to delegate the day-to-day management of your client's portfolio, while remaining at the centre of the relationship. You will be responsible for assessing your client's needs and recommending a managed portfolio that meets those needs, along with monitoring its ongoing suitability and performance.

We will have no personal relationship with your client. Our role is to manage the portfolio according to the mandate for your client.

OUR MANAGED PORTFOLIO SERVICE IS AVAILABLE ON THESE PLATFORMS:

Our ‘inflation plus’ benchmarks

Our ‘real’ services focus on delivering real returns (returns above inflation), while carefully managing risk and avoiding permanent loss of capital

Our core services are measured against a benchmark comprising of inflation (measured by the Consumer Price Index, or CPI) plus an annual return.

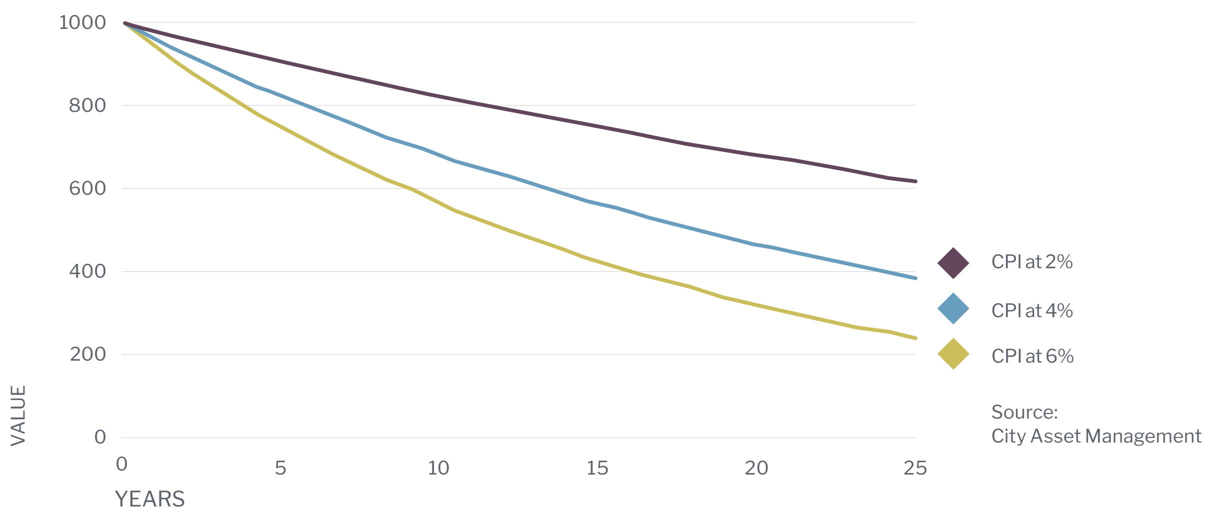
Our goal is to preserve and increase investors’ wealth. There can be long periods of time when the stock market performs poorly, and many clients will need their portfolios to support their lifestyle. Which is why we think outperforming inflation is more important than outperforming the stock market. Beating a benchmark is a pointless achievement if you do not achieve an investor’s financial goals.

Our approach is more balanced than tracking market performance as it gives us more scope to avoid high-risk investments and to leave markets when they become irrational.

Instead, we believe our inflation plus benchmarks are more directly aligned with your client’s expectations than just chasing the value of stock markets. We are very aware that our benchmarks have never fallen in value, meaning we make sure all of our skill and experience is put to use to outperform these very demanding measures of success.

DECLINE IN PURCHASE POWER OVER TIME

What will £1,000 be worth in the future? The UK Government tasks the Bank of England to keep inflation at 2% p.a., and this chart demonstrates how much £1,000 might be worth in the future for different inflation rates. For example, inflation of just 2% p.a. over 25 years will reduce the value of £1,000 to £622 in today’s money.



Our growth benchmarks

Our core investment services focus on delivering real returns (returns above inflation) over the investment cycle. However, we appreciate that some investors seek higher long term returns and are willing to take greater risk to achieve them. Therefore, we also offer selective investment mandates which seek to outperform industry benchmarks:

- **CAM Growth** aims to produce a return (net of portfolio costs) greater than the return of the MSCI PIMFA Growth Index over a minimum 7-year term
- **CAM Global Equity** aims to produce a return (net of portfolio costs) greater than the return of the MSCI PIMFA Global Growth Index over a minimum 7-year term

These solutions might be more suited for investors who expect a continuation of the low-rate environment and who have a higher attitude to risk. They provide exposure to a portfolio of funds available on the relevant platform.

Our Sustainable Portfolios

Our actions today shape the world of tomorrow. Whether it's working to prevent climate change or tackle social inequality, we all have a responsibility to drive positive change.

Our Sustainable portfolios are designed to meet the needs of your clients who wish to follow a sustainable investment mandate. However, our investment philosophy will not change. We remain 'real' investors, and our core portfolios look to grow meaningfully over time at a rate higher than inflation, to create wealth over the longer term. To differentiate these portfolios and invest more sustainably, we have made some additions to our investment process.

All our portfolios integrate environmental, social and Governance ('ESG') factors, meaning we assign an ESG rating to each opportunity; the way the world is moving means that ESG factors are increasingly important contributors to market returns. But to differentiate our sustainable portfolios and invest more sustainably, we have made some additions to our investment process:

- We actively screen out funds or companies based on ESG criteria, which leads to certain sectors being materially excluded from investment
- A proportion of your client's portfolio will be allocated to funds that invest in companies that have a positive impact

Real Return Investing
Our investment approach is based on achieving real returns, and leverages our pedigree in investing to beat inflation.

Diversified Portfolio
We seek to achieve our target returns with the minimum amount of risk, and all of our Sustainable portfolios are diversified across a number of asset classes such as Equities, Bonds, Property, and Alternatives.

Minimum Sustainable Threshold
Every investment fund in our Sustainable portfolios must meet our minimum thresholds for Environmental, Social and Governance (ESG) standards.

Positive Impact
Our Sustainable portfolios aim to make investments that demonstrate specific positive impact for the environment or society. A target of at least 10% for our Managed Portfolio Service will be allocated to Positive Impact funds.*

** From time to time, as a result of potential asset allocation or market moves, the allocation may be below this target.*

Our multi-asset approach

The primary tool at our disposal when investing your money is diversification. Spreading your clients' money across different asset classes should reduce the portfolio's risk and help to achieve a steadier return.

FIXED INCOME

Companies and governments borrow money from investors in the form of issuing bonds. These bonds offer pre-defined income payments, and a fixed maturity date when capital is repaid. Typically, but not always, fixed income markets are less volatile than equity markets and offer good diversification benefits. The investment team seeks to find bond funds which can reduce portfolio risk but also offer a reasonable return. We do this by investing in traditional core corporate and government bonds but also specialist fixed income funds, such as high yield or asset backed bonds.

GLOBAL EQUITIES

Investing in shares of companies from across the globe can potentially produce high levels of investment growth but can also carry a greater level of risk. Unlike fixed income, returns are unknown, but given their potential investment growth, equities will form a core part of the portfolio to achieve our target returns. We aim to diversify equity exposure via different geographic regions, different investment styles and different equity themes.

PROPERTY

Investing in property funds is beneficial for several reasons. Income derived from tenants is relatively high compared to bonds and offers some protection against inflation as rental income typically increases over time. Funds which invest in attractive property sectors can also benefit from capital growth as they have desirable buildings in good locations. Traditionally, property funds invest in a range of shops, industrial units and offices. While these may have merits at different points in the investment cycle, our approach is to use specific strategies that are managed by specialists in their sector. Funds that invest in logistics assets is an example of this.

ALTERNATIVE INCOME

The range of available investments in this asset class has greatly expanded over the last decade. Historically there were a handful of infrastructure funds which invest in assets such as railway tracks, toll roads, schools, hospitals etc. They are typically developed by the private sector for use by the public sector and payments are reliant on availability for use.

There are now more opportunities for investors in areas such as social housing, digital infrastructure, music royalties, forestry and numerous options to invest in environmental infrastructure including wind and solar energy, as well as anaerobic digestion and energy efficiency.

The common feature across all these funds is that they buy tangible assets with long, sustainable income streams and inflation protection. As ‘real return’ investors, these characteristics are ideal for us.

DEFINED RETURN

Structured notes are issued by Investment Banks and offer investors a set (defined) return and capital protection. The return will vary depending on the issuing bank, the underlying market index and the risk the investor wants to take. At CAM we typically invest in products that have a defensive shape which allows us to make a defined return even when the underlying market is flat or falling. It is not generally possible for Managed Portfolios to hold Structured Notes directly so, while we do, sometimes, access this sector via specialised funds, use in MPS has been limited.

City Asset Management – a real solution

Our award-winning proposition is built to deliver real returns over the investment cycle, helping your client achieve their financial goals

The below table shows the different managed portfolios we offer. We have expressed the risk within each portfolio as a percentage of owning a portfolio comprising solely of global equities. A maximum equity risk approach would be 100% (high risk), no equity risk would be 0% (low risk) and 50% sits in the middle of these two extremes.

Portfolio		Objective over the investment cycle*	Risk as a percent of global equities
Real2		To outperform CPI+2% p.a.	**35% - 50%**
Real3		To outperform CPI+3% p.a.	**50% - 65%**
Real4		To outperform CPI+4% p.a.	**65% - 80%**
Growth		To outperform the MSCI PIMFA Growth Index	**80% - 90%**
Global Equity		To outperform the MSCI PIMFA Global Growth Index	**100%**

This icon means a sustainable portfolio is also available for the service. Please visit **www.city-asset.co.uk/sustainable** to find out more.

* A minimum commitment period of 7 years is recommended to achieve the mandates.

Interested to know more?

For more information on City Asset Management or any of our services, please contact our Business Development Team on **sales@city-asset.co.uk** or visit us at **www.city-asset.co.uk**.

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The value of investments can fall and investors may not get back the amount invested.
Past performance is not a guide to future performance.

This notice cannot disclose all the risks associated with investments and investment services.
Please see our website for more information and more detailed risk warnings.

The information within this document does not consider the specific investment needs or financial situation of any person. It is not a personal recommendation and should not be regarded as a solicitation or invitation to buy or sell any securities or instruments mentioned within it.

Investments may not exactly replicate the relevant portfolio due to the difference in timing of the initial investment or rebalancing differences resulting from minimum transaction size limits.

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