

# Sustainable Balanced

Model Portfolio Service  
May 2021

Marketing material for professional clients

## 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 (%)<sup>1</sup>

	1 month	3 months	6 months	1 year	3 years	5 years	Since launch <sup>2</sup>
Sustainable Balanced	2.6%	2.0%	7.8%	15.4%	-	-	24.9%

	Mar-20 - Mar-21	Mar-19 - Mar-20	Mar-18 - Mar-19	Mar-17 - Mar-18	Mar-16 - Mar-17
Sustainable Balanced	19.0%	-3.1%	-	-	-

Source Cazenove Capital, data as at 30 April 2021. Figures in GBP.

<sup>1</sup>Performance 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. <sup>2</sup>Inception 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
Impax Environmental Sustainability	Equities - Global	11.0%
Brown Advisory Sustainable Growth	Equities - US	9.5%
Rathbone Ethical Bond	Bonds - UK	5.4%
Lyxor Core US TIPS ETF GBP Hedged	Bonds - US	5.1%
Threadneedle UK Social Bond	Bonds - UK	5.0%
Vanguard UK Inflation-Linked Gilt Index	Bonds - UK	4.9%
Schroder QEP Global ESG	Equities - Global	4.8%
M&G Positive Impact	Equities - Global	4.4%
Trojan Ethical	Alternatives - Multi-Asset	3.9%
Vanguard UK Government Bond Index	Bonds - UK	3.9%
<b>Total</b>		<b>57.8%</b>

Source: Cazenove Capital, data as at 30 April 2021.

## 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

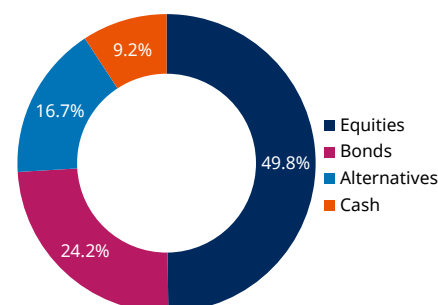
**Steven Rooke**

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



<b>Growth assets</b>	<b>25-60%</b>
<b>Defensive assets</b>	<b>20-50%</b>
<b>Diversifiers</b>	<b>0-35%</b>
<b>Cash</b>	<b>0-20%</b>

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

## Economic overview

Economic data continues to point to a strong recovery, with US output estimated to have increased at an annualised rate of 6.4% in the first quarter. Equity and bond markets have generally shrugged off the latest figures, suggesting that a substantial recovery has already been priced in. The US and UK, which have fully vaccinated 38% and 25% of their adult populations respectively, are enjoying the fastest growth. However, the pace of recovery from the pandemic remains very uneven. India, in particular, is struggling with a devastating resurgence in cases. Commodity prices continued their rise last month, with industrial metals and agricultural products seeing particularly sharp increases. In many cases, the moves reflect the combination of surging demand as lockdowns come to an end and restricted supply. This will undoubtedly feed through into higher headline inflation readings over the coming months. However, we share the Fed's view that this will prove to be a transitory spike.

Source: Cazenove Capital, data as at 30 April 2021.

## Portfolio overview

April was another risk on month with equities up strongly. Performance was broad based across sectors and styles, whilst geographically the UK, Europe and US did particularly well. The top performing holdings in the models were Liontrust Sustainable Futures European Growth, Brown Advisory US Sustainable Growth and Montanaro Better World Funds. All of our bond holdings produced positive returns, whilst our positions in Civitas Social Housing, BBGI Global Infrastructure and Greencoat UK Wind also performed well.

Source: Cazenove Capital, data as at 30 April 2021.

## 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.

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## Technical information

<b>Platform launch date</b>	30 April 2019
<b>Model portfolio fee</b>	0.30%
<b>Available as</b>	General Investment Accounts ISAs SIPPs
<b>Portfolio information</b>	Estimated annual yield <sup>3</sup> 1.04%

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

## Availability



## Awards



## Risk mappings



## Performance monitoring



## Find out more

For investment advice please speak to your financial adviser.

If you are a financial adviser visit [cazenovecapital.com/advisers](https://cazenovecapital.com/advisers) or get in touch with your local sales representative.