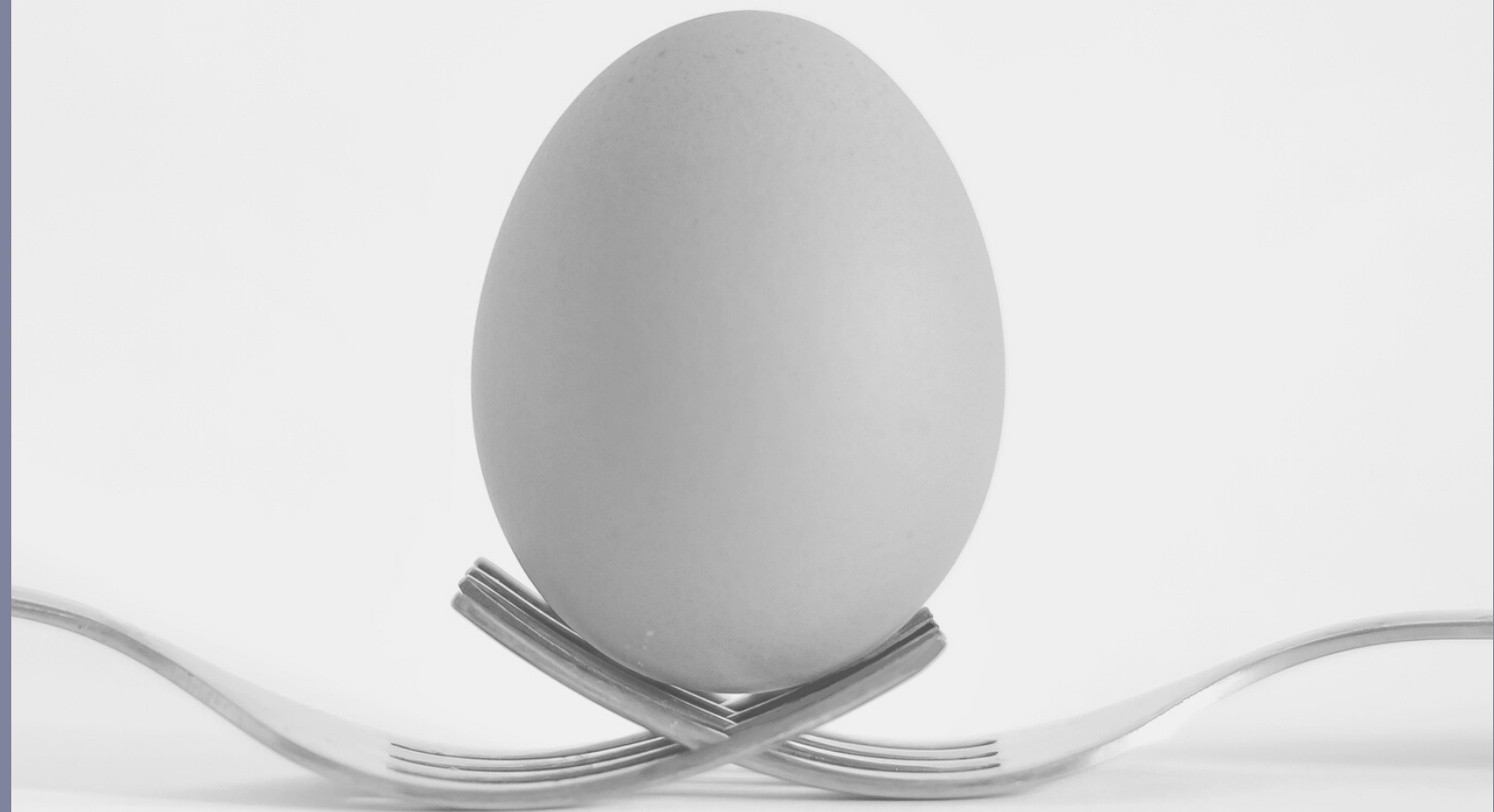


CHARITY INVESTMENT FUND MANAGERS REVIEW

YEAR END 31.12.2022

Charity **Intelligence**
Clarity for *your* Charity



Independent bi-annual report by Charity Intelligence

Great advice starts with **intelligent** choices

Where we are today...

As part of its commitment to the charity sector, Charity Intelligence is launching a bi-annual survey amongst the charity investment managers.

In a world where performance is not the only criteria for differentiation, charity investors are keen to have both qualitative and quantitative information to make an informed choice. Thus, we have created this survey that presents a quantitative snapshot of UK charity investment managers.

Questionnaires were sent to all of our charity partners who subscribe to Charity Intelligence. The aim of this survey is to provide a free report to all charities that presents the key aspects of charity investment firms.

Acknowledgements

We thank the respective investment firms for their co-operation in supplying the data contained in this report. For contact details, please refer to: www.charityintelligence.co.uk

Table of Contents

04

Knowledge is Powerful

05

About Charity Intelligence

06

A Guide to this Report

07 - 08

What to look for

09 - 12

Numbers & Statistics

13 - 14

Appendix - Types of Manager

15 - 16

Glossary - Investment Terms

Knowledge is powerful

When it comes to decision making we believe knowledge is power...

There are no right or wrong answers or perfect solutions when reviewing, comparing or appointing an Investment Management firm. However, there are a few key considerations that may help to support confident decision making.

The aim of the Charity Intelligence Fund Report is to help Trustees, leaders and executives working for charities understand more about the key quantitative and qualitative attributes of investment management firms they may wish to consider.

We invest time with each fund manager to ensure the information provided is comparable and displayed in a understandable way. As experts in this area, we are independent of all firms in the report and it is important for us to ensure that the information provided is correct.

The Charity Intelligence Fund Report provides information that a charity would request from prospective managers when reviewing their investments or tendering for investment management services.

In providing this information to the sector, we hope it will help to increase confidence in decision making and reduce the need for a formal tendering process saving charities time and money.

About Charity Intelligence

Formed in 2017 Charity Intelligence provides charities and their advisers, a free online hub for the selection, review and comparison of investment charity managers.

Our unique shared service aims to help charities reduce costs and increase efficiency. With 30 years' experience in helping charities maintain and spend their precious reserves with effective investments, we understand the financial regulatory and governance challenges faced by the sector.

Disclaimer

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A guide to this report

This is your guide to the structure of the survey information.

The data sections of the report are listed below.

The report outlines details of what to look for in the data that may help to inform decision making for your Charity. If information has not been provided then the data is left blank.

The Appendix section explains each of the different types of organisation and manager. The Glossary section describes and explains some of the most common investment terms.

We would be delighted to hear from you if you have any questions about this report then please contact us directly -

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01

Charity Assets under Management - AUM

02

Segregated Portfolios

03

Portfolio Size

04

Number of Charities by Portfolio size

What to look for

Name association:

Undoubtedly, there will be some familiar names of firms within the survey. Take time to look beyond these names as all the firms within this survey manage significant amounts of charity assets and have a good understanding of charity investment needs.

Assets under management:

The absolute size of the assets of a firm can be read as good and bad. A firm with a large amount of assets is likely to have financial strength and resources compared to a smaller firm. Care needs to be taken when reading these statistics as firms with larger assets may not be able to offer deeper levels of service and advice compared to smaller firms. A firm with smaller assets may be a newer firm with an excellent charity investment solution but has not yet gathered momentum and assets.

Our Top Tip!

'A good indicator of a firm's dedication to charities is the amount of charity assets under management compared to the overall firm assets under management. The higher percentage of charity assets compared to the firm overall usually indicates a good level of overall commitment to the sector'

Number of clients:

Do not be put off if a firm appears to have a high level of charity clients. This doesn't necessarily imply you will be a small fish in a big pond and therefore ignored. Firms with a higher number of clients often invest through a charity fund and therefore the firm can accommodate higher numbers of clients. It can be viewed as an advantage as a smaller charity will get the same level of service and investment resource as a large charity. The question charities need to ask firms with large numbers of clients is what level of service they are able to supply.

Segregated vs Pooled:

Charity investments have traditionally been managed in segregated portfolios, designed to meet charity specific investment requirements. While this has the advantage of offering a solution that is bespoke to meet a charity's need, it is often more costly for the manager to implement and some of these costs may be passed onto the client. The use of pooled investment funds are increasingly offered to charities as they often reflect the best ideas of the manager, designed to meet the needs of a large group of charities, more cost effective and offer certain tax benefits, such as Charity Authorised Investment Fund (CAIF).

What else to look for

Our Top Tip!

Unless a charity has a tailored specific need for an income stream, is restricted or has particular ethical requirements, pooled fund solutions are an option worth considering for your charity.

Charities and numbers by portfolio size:

The statistics demonstrate the range of charities by the assets they have for investment. As with overall assets under management, the respective firm numbers can be read with subjectivity. Larger fund managers and those who have longer track records in the investment industry are more likely to have larger charity investors.

The point to draw from these statistics is where would your charity sit within the range of other charities the firm invests for. A firm with higher numbers of charity clients under £1m is likely to invest these charities in a pooled fund, however do not assume this is the case as not all firms offer a pooled investment solution.

Client service:

The data contained in the section is largely self-explanatory and is provided to see if the respective managers service offering fits with your particular requirements. Most managers offer a similar standard of reporting, as required by the regulator (Financial Conduct Authority - FCA). For firms that have larger assets under management, you should expect the dedicated charity team numbers to reflect this. A lower number of team and average experience may reflect in lower levels of service, although a small firm may not yet have a dedicated charity team but able to offer high levels of service as they have fewer overall client numbers to service.

Investment Advice:

A charity's interpretation of what constitutes investment advice may differ from what the firm is able to offer. Fund managers face strict regulation from the FCA as to the level of advice they are able to offer and how this is charged. Most managers will offer restricted advice, which means they are able to talk to a charity about its specific investment, ethical and financial requirements but can only relate this to the products that the firm offers and not 'whole of market'.

A firm that is independent must consider investment solutions that are available from the entire investment market, including competitor firms. If a firm cannot offer advice or only offer it on a restricted basis should not be taken as a bad sign, as it is usually an indicator of their regulatory position and they usually have good charity investment solutions, being able to discuss these attributes and how they best suit each charity.

Numbers & Statistics

Charity Assets Under Management

December 2022

9,042

Discretionary Clients

62,869

Charity Clients

Firm	Type of Manager	Number of Charity Clients	Charity Assets under management (AUM) £M					Total charity funds under management and administration (£M)
			Discretionary	Advisory	Execution Only	Assets under Administration	Cash Funds	
abrdn	Discretionary Investment Manager	214	1,106	0	0	1,106	805	1,911
Baillie Gifford & Co	Asset Manager	98	4,736	0	0	4,736	0	4,736
Barclays	Private Bank & Investment Manager	469	1,678	215	40	1,933	1,166	3,099
Blackrock*	Asset manager	3000+	2,607	0	0	4,171	1,399	5,570
Castlefield	Investment Manager	74	79	0	1	80	0	80
Cazenove	Wealth Management	1,695	6,238	1,597	1,740	9,575	85	9,660
CCLA	Investment Manager	31,802	*	*	*	8,142	2,277	10,419
Charles Stanley	Wealth Manager	758	1,036	64	173	1,243	30	1,273
Edentree	Investment Manager	180	102	-	53	155	0	155
Epworth	Fund Manager	4,141	68	5	322	395	516	911
Evelyn Partners	Wealth Manager	1,210	3,127	-	-	3,127	-	3,127
HSBC	Private Bank	122	467	45	1,094	1,606	57	1,663
Investec	Investment Manager	1,118	3,045	77	83	3,205	21	3,226
JM Finn & Co	Investment Manager	401	574	119	6	699	0	699
Latitude	Institutional Fund Manager	8	60	-	-	60	0	60
M&G	Fund Manager	9,628	-	-	1,220	1,220	0	1,220
Mayfair Capital	Real Estate Investment Manager	1,200	672	0	0	672	0	672
Quilter Cheviot	Investment Manager	671	1,829	34	85	1,948	0	1,948
Rathbones Group	Investment Manager	1,906	5,940	131	217	6,288	0	6,288
RBC Brewin Dolphin	Discretionary Investment Manager	1,766	3,439	223	93	3,754	115	3,869
Ruffer LLP	Investment Manager	254	1,570	0	0	1,570	0	1,570
Sarasin & Partners	Asset Manager	497	8,243	0	0	8,243	515	8,758
Savills	Real Estate Investment Manager	1,500	1,200	0	0	1,200	0	1,200
Waverton	Discretionary Investment Manager	157	1,107	0	0	1,107	0	1,107

*Information has not been provided

Numbers & Statistics

Segregated Portfolios

December 2022

£48,517BN

Assets segregated

£15M

Average size

Firm	Segregated Portfolios			Charity Pooled Funds		Management Style	
	Number of clients	AUM	Minimum investment	AUM	Minimum investment	Active	Passive
		£m	£m	£m	£k	%	%
abrdn	214	815	1	291	1	100	0
Baillie Gifford & Co	98	4,736	23	-	-	100	0
Barclays	123	143	5	215		100	0
Blackrock	40	2,607	30	1,169	1	80	20
Castlefield	73	79	1	-	-	100	0
Cazenove**	1,095	7,788	1	1,872	10	90	10
CCLA**	-	-	25	8,142	1	100	0
Charles Stanley**	758	1,273	0.25	-	-	100	0
Edentree	5	102	10	53	1	100	0
Epworth	23	68	0	381	1	100	0
Evelyn Partners	1,210	3,127	0	-	-	90	10
HSBC*	122	1,667	5	-	-	73	27
Investec	1,118	3,226	1	-	-	90	10
JM Finn & Co	361	697	0.10	2	-	80	20
Latitude	8	60	0.50	-	-	100	0
M&G	-	-	50	1,200	1 unit	100	0
Mayfair Capital	-	-	-	672	-	100	0
Quilter Cheviot***	659	1,736	1	127	100	100	0
Rathbones Group	1,816	5,902	0.50	386	10	100	0
RBC Brewin Dolphin	1,766	3,754	1	-	-	80	20
Ruffer LLP	254	1,570	5	230	0.5	100	0
Sarasin & Partners	497	8,243	8	2,938	1	100	0
Savills	-	-	-	1,200	25	100	0
Waverton	157	1,051	1	56	10	100	0

*Information has not been provided
 ** includes cash
 *** does not include execution clients

Numbers & Statistics

Portfolio Size

December 2022

30%

Less than £10m

3%

Less than £1m

Firm	Portfolio Size £m							
	100m+	50-100m	20-50m	10-20m	5-10m	1-5m	Under 1m	total
abrdn	0	250	268	224	193	164	53	1,106
Baillie Gifford & Co	1,983	1,239	1,136	230	111	35	1	4,736
Barclays**	1,233	379	517	375	238	291	65	3,099
Blackrock****	1,563	615	496	70	6	0	0	2,749
Castlefield	0	0	0	12	17	35	15	79
Cazenove**	3,327	1,076	2,173	1,091	845	849	299	9,660
CCLA**	657	1,030	1,955	150	1,242	1,864	2,220	10,419
Charles Stanley**	0	58	284	261	152	350	168	1,273
Edentree	*	*	*	*	*	*	*	102
Epworth	*	*	*	*	*	*	*	395
Evelyn Partners	350	305	497	477	458	803	237	3,127
HSBC	*	*	*	*	*	*	*	1,606
Investec**	124	194	562	724	603	790	229	3,226
JM Finn & Co	0	61	71	69	148	256	94	699
Latitude	0	0	0	39	17	3	1	60
M&G	0	0	88	122	137	346	527	1,220
Mayfair Capital	*	*	*	*	*	*	*	672
Quilter Cheviot***	0	74	393	347	372	493	184	1,863
Rathbones Group	403	718	1,310	969	1,137	1,347	405	6,288
RBC Brewin Dolphin	0	124	550	726	826	1,113	414	3,754
Ruffer LLP	181	208	518	243	181	192	48	1,570
Sarasin & Partners	2,789	1,533	1,829	1,135	510	399	49	8,243
Savills	*	*	*	*	*	*	*	1,200
Waverton	0	164	277	270	157	152	30	1,051

*Information has not been provided
 ** includes cash
 *** does not include execution clients
 **** discretionary clients only

Numbers & Statistics

Number of Charities by Portfolio size

December 2022

1%

More than £20m

85%

Less than £1m

Firm	Number of charities by Portfolio Size								
	£	100m+	50-100m	20-50m	10-20m	5-10m	1-5m	Under 1m	Total
abrdn		0	3	9	16	26	68	92	214
Baillie Gifford & Co		13	17	34	13	11	8	2	98
Barclays		8	5	19	28	34	120	255	469
Blackrock*		7	11	16	5	1	0	0	40
Castlefield		0	0	0	1	3	17	53	74
Cazenove		16	15	70	82	121	349	1,042	1,695
CCLA		4	16	59	105	178	858	30,582	31,802
Charles Stanley		0	1	9	21	31	173	523	758
Edentree		0	1	0	1	4	6	168	180
Epworth**		2	1	1	3	12	28	4,117	4,164
Evelyn Partners		1	4	16	34	64	346	745	1,210
HSBC*		*	*	*	*	*	*	*	122
Investec		1	3	20	52	87	348	607	1,118
JM Finn & Co		0	1	2	4	23	113	258	401
Latitude		0	0	0	3	3	1	1	8
M&G		0	0	4	8	20	124	9,472	9,628
Mayfair Capital		*	*	*	*	*	*	*	1,200
Quilter Cheviot		0	1	10	22	52	191	395	671
Rathbones Group		2	12	45	69	161	573	1,044	1,906
RBC Brewin Dolphin		0	2	19	52	114	508	1,071	1,766
Ruffer		1	3	15	19	28	84	104	254
Sarasin & Partners		15	21	55	79	72	159	96	497
Savills		*	*	*	*	*	*	*	1,200
Waverton		0	2	6	16	23	53	57	157

*discretionary clients only

Appendix

Types of Manager

Institutional fund manager –

a fund manager that generally invests for entities with significant assets, such as mutual funds, corporate pension funds, sovereign wealth funds, insurance schemes and other large pools of assets. They often invest for smaller clients by offering a pooled fund such as a Charity Authorised Investment Fund.

Private Bank –

usually an independently owned bank or an arm of a larger retail bank that offers services to high net worth clients. As a result, the minimum amount to invest tends to be higher and they generally offer specialist investment-related advice and cash management services that typically aids clients in protecting and maintaining their assets.

Wealth Manager –

generally involves advice and management of investments on behalf of affluent clients. Wealth managers will create bespoke portfolios for clients looking to invest in a variety of assets or a range of model portfolios depending on the level of risk clients are prepared to take. Wealth managers can also help with financial planning and perform a variety of other financial services.

Investment Manager –

is a generic term used for a person or an organisation that makes portfolio investments under the investment objectives and parameters given by the client. Their duties include day-to-day trading of securities, portfolio monitoring, performance measurement, client reporting and many more.

Appendix

Types of Manager

Fund Manager –

is a generic term used for someone who is usually working in fund management with mutual funds, pension funds, trust funds, hedge funds, etc. A fund can be managed by a person, two people as co-managers or a team of people. They can operate as an independent firm or part of a larger institutional organisation.

Real Estate Investment Manager –

a investment or fund manager that invests into physical property, such as offices, retail, industrial and logistics, as well as other sectors such as hotels, retirement living and leisure. They derive long-term returns through rental income, rental growth and capital appreciation. Investments focus on physical properties,

Asset Manager –

is a generic term that encapsulates all types of managers. Their role is to determine what investments to make, using statistical analysis, to manage the client's financial objectives within the limits of the client's risk tolerance. They can invest into any asset.

Glossary

Investment Terms

Discretionary:

A Discretionary service is where the firm manages a client's portfolio of investments in line with a risk profile agreed with them beforehand. The firm will usually carry out a fact find on the client and recommend a portfolio that is suitable for the client's investment objectives. This means the firm is able to manage the portfolio without checking with the client before making routine alterations. However, they will still be required to check beforehand if they wish to make a change that is outside the scope of the agreed mandate. General investment advice is usually offered under a discretionary service, but this is often restricted advice based on the firm's views and products.

Advisory:

An Advisory service is where investment manager makes recommendations based on the client's individual investment objectives and risk attitude. Should any changes to the portfolio be appropriate – for example to switch out of an underperforming investment or change asset allocation – then the express permission of the client is required before the adviser firm can make the changes. This does afford the client an element of control, although in practice, the majority of advisory clients tend to follow the advice given and accept the recommended changes. The downside of this approach is that it can be laborious and slow, which may not be best practice in today's fast-moving investment markets.

Execution Only:

Execution only service means that the investment firm only carries out the investment decisions of the client. While the manager may provide research and news for the client, the manager may not give advice or investment recommendations and will transact and hold the investments as directed by the client. This service is commonly offered by investment platforms, stockbrokers or certain retail banks.

Glossary

Investment Terms

Management Style:

Active management is where a manager uses analysis, research and proven investment processes to make informed decisions, investing into a range of assets on the belief that it is possible to outperform a market or index. Rather than following a particular index, such as the FTSE 100, active managers aim to make deliver better-than-average returns. Each active fund will have its own specific investment objective and while the charges may be higher, good active management returns should have the potential to outweigh the costs of investing.

Passive management invests to closely track the performance of a particular market benchmark or index. As the composition of a passive fund will be closely aligned to the assets that comprise of the chosen market index, by design they should rise and fall in line with the market index that it tracks. Passive fund charges tend to be lower, sometimes much lower, than for active funds, because there is less 'added value' by the provider, in the form of expertise or research needed to pick individual assets.

For any further explanations on other commonly used investment terms, please refer to the Glossary in the Charity Intelligence website: www.charityintelligence.co.uk

Charity Intelligence

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intelligent choices

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