A GUIDE TO CHARITY INVESTMENT

CASTLEFIELD

THE THOUGHTFUL INVESTOR

INVESTING YOUR CHARITY'S ASSETS RESPONSIBLY

“Whether we realise it or not, we all bring our personal values to bear in making choices in life.

Castlefield adopts a unique approach to looking after money, reflecting the individual objectives of all kinds of clients - from private individuals and the businesses they own and work for, to the not-for-profit organisations they help to run.

What sets us apart is that we work closely with our clients to help them to define what ‘ethical’ or ‘responsible’ investment means to them. We then interpret the results in practical ways which never ignore the need for real-world financial outcomes.

Our dedicated team is committed to achieving sustainable growth through independence and innovation, respect, responsibility and a highly personalised service. As an employee-owned business, we can ensure that everything we do reflects not only the values we share as co-owners of our own business, but the principles that are important to our clients too.

We call this approach thoughtful investing.”

John Eckersley, Managing Partner

HERE TO HELP...

At Castlefield our investment team has decades of collective experience of looking after investments for charities. Not only that, but typically we're charity trustees in our private lives too. We'd like to share some of our own professional and personal experience with you.

We expect that you're a charity trustee or perhaps thinking of becoming one. It may not be the convention of your organisation to refer to you as a 'trustee', but if you act like one and are jointly responsible for the activities of your charity, then you'll undoubtedly be one in law.

As a trustee, it's very important to be clear what you're expected to do and equally what you're not expected to do. You're expected to set the strategy and direction of your organisation and to take responsibility for its finances. Jointly, with your fellow trustees, you've taken on some important legal obligations. You'll be held to a standard established both by statute and legal precedent over many years. That means that there's an accepted way for trustees to act when looking after money. That can be a challenge if your own life's experience hasn't previously involved looking after a meaningful amount of money on behalf of someone else. You're not expected to be an investment expert, but you are expected to seek help from others who are. You must exercise care and apply your own skills diligently, such as they are.

By way of this guide we hope to give you some pointers as to what the role of a trustee entails and how you can fulfil your legal obligations and see your organisation prosper and achieve its goals. As it's not possible for us to know about your charity's own, unique circumstances we can't offer you tailored advice here. However, we hope that having read the guide you'll be properly informed of how to take the next step.

One of the benefits of looking after the investments of many dozens of charities over several decades is that we've developed a good feel for 'what charities tend to do' and why. We share with you here how charities we look after and charities in general tend to invest their money and the key things that lead them to their decisions.

We focus on sharing our own experience with you and demonstrate how some of the products and services we offer could possibly fulfil your needs; as they do for our existing clients. To that extent, we're indirectly promoting what we do to you and hoping that what we say chimes sufficiently to encourage you to consider investing in one or more of the funds to which we act as day-to-day investment manager.

I'M A TRUSTEE; WHAT EXACTLY IS MY ROLE?

Assuming you have cash resources to invest, which are in excess of your short term needs, it's best to start by accepting that what a charity requires from an investment portfolio may well not be the same as if you were thinking about investing the same amount of money for yourself. It's necessary to put aside any personal predisposition for or fear of investing and to take on the persona of the so-called 'prudent person of business'. The law requires you to imagine that you're an experienced business person, fully conversant and comfortable with the ways of business and accepting of the need to take some risk in order to achieve higher rewards than cash alone could ever provide.

It may be that your own governing document (such as a trust deed or articles of association) sets out clearly what you may or may not invest in but, as a general matter of law, you are permitted to make any investment for your charity that you might personally make in circumstances in which you were looking after your own money. Equally, just because you're a charity doesn't mean that you should consider yourself to be prevented from making investments that you might feel would be too risky if you were investing your own money. However, when exercising a power to invest, charity trustees must have regard to sound principles like the suitability of the investments they are proposing to make and the need to spread their capital across a wide range of underlying investments. This is often referred to as 'diversification' and the process of putting together a range of investments is called building a 'portfolio'.

Of crucial importance to charity trustees is the investment time horizon. It could be very long or in some cases effectively infinite. Sometimes charities are precluded by their trust deed from spending any of their capital. This means that they may only achieve their objectives by investing their money and living off its income. This is called a 'permanent endowment'. Investing money with an infinite time horizon offers charities a unique opportunity to invest for current income and future income growth, with much less need to worry about the day-to-day movements in the value of their capital. All other forms of investor typically need to realise some or all of their capital at some future point in time. This means that they can never ignore its capital value. So, as a charity, the first thing to do is to accept that you may well be able to look much longer term than you could ever do when investing your own money. This allows you to embrace the advantages this gives you.

Before investing any money you'll want to write down what your plan is and resulting approach is to be. This is your 'investment policy' and is the means by which you'll spell out what your objectives are, how much of your total resources you feel able to commit to long term investment and why. You need to think about your attitude to risk and whether, if your plans falter, it would threaten the viability of your charity. You're not permitted to speculate as a charity but you are expected to accept calculated risk.

WHAT'S THE DIFFERENCE BETWEEN 'SAVING' AND 'INVESTING'?

Most of us are familiar with the concept of saving money. We may have a savings account into which we transfer the balance of our current account each month, after allowing for our day-to-day living expenses. Or we may benefit from an inheritance and feel we want to keep it safe for a 'rainy day'. There are certainly benefits to having money put aside in a safe place, knowing that its capital value is protected, even if the interest it earns is pretty minimal.

There are disadvantages too. Over time, if a capital sum has no link to capital growth, its 'real' value, based on the volume of goods and services it's able to buy, will erode. What seemed like a valuable sum at the outset can become much reduced in real terms in just a few years.

As charities often benefit from having a very long-term planning horizon, the act of wishing to keep money safe in a savings account can ironically actually result in putting your organisation's very future at risk.

The following is a quick comparison of the differences between saving and investing. If your organisation is planning a long-term future and expects to have cash which it has no current plans for, then it can be very difficult to conceive of not investing at least part of your money.

SAVING

- Saving is the act of putting money away, with the intention of accessing and spending the money in the future.
- The capital value remains static, but protected, if a solid deposit-taking institution is used.
- The best one can hope for is some modest interest, added to the original capital sum.
- But how safe are your savings if you leave your money in an account for a long time and the interest this money earns does not keep up with inflation?
- While the nominal value will remain the same, its 'real' or relative value won't, as its so-called 'purchasing power' has been eroded by price inflation over time.

INVESTING

- Investing involves putting your money into investments.
- For example, company shares, bonds, commercial property or funds.
- The hope is that your money will provide a growing income or a capital return (or both), but also in the knowledge that your money could shrink or, in extremis, disappear completely.
- This risk is assumed by investors in the expectation that, over the long term, they will not lose money but instead make more money than they would if they simply stuck to a savings account.

FINANCIAL OR SOCIAL INVESTMENT?

When we refer to investing in this guide we're referring to 'financial investment'. In other words, we're thinking about how a charity can best put its assets to work to produce the best financial return, so that it can achieve its charitable objectives.

Sometimes charities wish to use their assets to further social aims too. We think this is laudable, but we and the Charity Commission are keen that the reason for making any investment needs to be clear at the outset. There is a developing language associated with making social investments – 'impact investment', 'programme-related investment' and 'outcomes-based investment' being just three such terms. Such investment essentially seeks to combine in one investment instrument the financial element of return with some non-financial outcome. This is a development of the traditional charity investment approach (the focus of this guide) which assumes that charities typically seek to invest their money wisely, to get the best return for the risk they take, so as to put themselves in the best financial position to 'do good'.

It is accepted that social investment can be a form of financial investment, but the former requires an ability to measure each category of outcome during and at the end of the investment. That is beyond the scope of this guide.

However, to the extent that we take environmental, social and governance factors into account in the way we invest money for all of our clients we definitively take account of a broad range of non-financial criteria in our approach. That said, we see this as being about taking account of all possible risk factors. In our experience, non-financial criteria have a habit of becoming financial ones very quickly if proper attention is not paid to them. Some high-profile breaches of health and safety law or poor corporate governance can cost companies and their shareholders dearly – both in human and financial terms. We prefer to manage these risks as an integral part of our portfolio management role and our existing clients want us to do this too.

RISKY TO INVEST OR RISKY NOT TO?

When it comes to investing money, risk can be defined in a variety of ways. One simple way is to think about it as the chance that the actual outcome an investment produces for you could turn out to be different from the one you expected at the time when you invested your money. This includes the possibility of losing some or all of the money you invest. How significant would that be for your charity? Good investment returns can't be achieved without taking on at least some risk. That said, effective risk management can certainly improve the odds for investors. However, let's be clear, risk management is not a process designed to eliminate risk altogether.

If you've not already read our additional guide called 'Risk & Reward: An Explanation' you might like to read that too. It's written as a guide for all types of investors, not just charities, but much of the content is very relevant for charities too. In particular, it talks about types of risks you may be exposed to and the importance of time horizon to charities in particular.

ACHIEVING THE RETURNS YOU NEED WHILST REDUCING RISK TO A MINIMUM

If your charity can embrace the idea of moving beyond simply saving and is able to invest, then controlling the necessary risk you need to take on becomes paramount. That's where 'diversification' comes in.

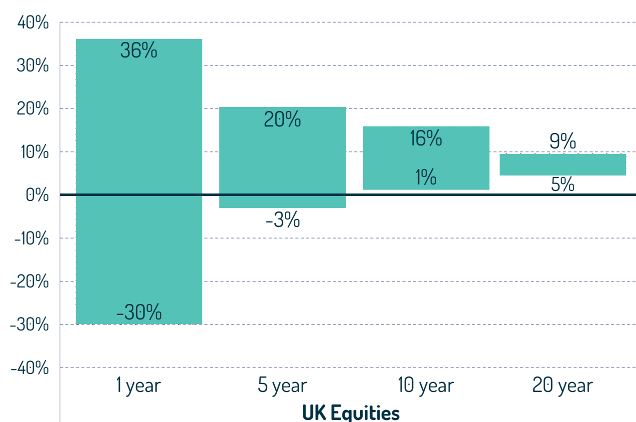
This is a technique designed to reduce risk by allocating money available for long term investment not just to a single underlying investment but to a whole range of investment assets – providing in turn a mix of investment types, giving exposure to different sectors of the global economy. 'Not putting all one's eggs in one basket', as we often hear.

As mentioned previously, the resulting diversified collection of investments is often called a 'portfolio'. Each component of a diversified portfolio will, individually, react differently to the same economic or political event. Sometimes a particular economic environment or event is good for one type of investment but not so good for another. This means that a carefully curated combination of different types of investment (or 'asset classes' as they're sometimes called) will reduce your portfolio's sensitivity to economic and investment market swings. Generally, if your portfolio is diversified across assets, unpleasant movements in one area may be offset by positive results in another. Over the long term, the total portfolio should then produce an average annual return which is attractive relative to a simple savings account, in exchange for taking on a known and controlled level of risk. This is what professional investment managers do every day.

TIME IS YOUR BEST FRIEND AS A CHARITY WITH MONEY TO INVEST

As we've heard, at the heart of every investment decision is a basic 'trade off' between risk and possible reward or return. Broadly speaking, the greater the risk attached to an investment, the greater the potential reward but the greater the possibility also of not achieving your objective. Economic, political and business cycles can cause significant changes in the value of investments – both up and down. As a result, it's generally accepted that investment in stock market-linked investments should only be undertaken on the basis that you expect to remain invested for at least five years – ideally longer if possible. The following diagram illustrates why...

TIME ENSURES THAT THE OUTCOME IS MORE LIKELY TO BE POSITIVE



Source: Castlefield. UK equity market total return (31.12.1989 - 31.12.2020)

Past performance is not a reliable indicator of future returns. Your investment may go up or down. With investments your capital is at risk.

The above diagram shows the maximum and minimum possible annualised (per annum) returns an investor could have achieved from a 100% investment in the UK stockmarket over all possible one, five, 10 and 20-year investment holding periods. The data covers a 31-year period to 31 December 2019 and for the sake of illustration assumes that investors could have accessed an investment fund giving the same return, after costs, as the main stockmarket index during each year. This is for illustration purposes only, but the conclusions are valid.

Looking at each individual 12-month period making up the entire period, the maximum gain an investor could have made in the best year would have been +36%. However, the worst 12 month period over this timeframe would have been -30%. That's why it's not considered prudent to invest money in the stockmarket with the firm intention of withdrawing it only a matter of months later. Over a one-year period you might be lucky and make a large gain but equally you might be unlucky and make a large loss instead. If you don't have the ability to sit out such periods of short-term poor investment returns, by remaining invested and waiting for a recovery in values, you shouldn't invest in the stockmarket at all. Remember, as a charity, you mustn't involve yourself in short-term speculation. Don't try to predict where the stockmarket will be in 12 months' time – that's not your role.

However, history has shown that if you can afford to look at a period of investment of at least five years, then the return over any five-year period is most likely to be positive; with a much-reduced chance of being negative. For periods of 10 years and more, historically the returns have always been positive.

Time is the investor's friend and effectively neutralises the risk of possible investment loss. With many charities able to take a very long-term view, they have a distinct advantage over other types of investor and should look to maximise that advantage. Personal trusteeship can be thought of as looking after the assets of a charity just for one generation before handing them onto the next. Whilst the human occupants of the trustee role change over time, the role itself and the obligations that go with it are often permanent and the decisions of one generation of trustees can have profound implications for those who hope to benefit from the activity of the charity many decades in the future. Decisions about investing a charity's assets are therefore of major importance.

FROM THEORY TO PRACTICE

Now that we've an appreciation of why charity trustees need to consider investing, we need to think about a suitable framework for turning theory into practice. We need to think generically for the purposes of this guide because your own approach will be dependent on your detailed knowledge of your own charity's circumstances.

Your investment policy should always identify how much of your money needs to remain in a current account or savings account. A current account will be suitable for holding monies which are immediately needed to cover day-to-day operational expenditure. Beyond that, any money which may be needed within the next twelve months (but which isn't available for longer term investment) can be deposited in an interest-bearing savings account.

With any balance of money, think carefully about how long that money could remain invested, if circumstances dictated that it had to. It's important to bear in mind at this stage that most forms of investment utilised by charities may be cashed-in within a matter of days. So, whilst you may invest properly at the outset with the long-term in mind, you could cash-in your investment if unforeseen circumstances required you to access the money. However, the risk would be that you might find yourself trying to cash-in an investment at a low point in the stockmarket cycle. So, it's best not to plan to access your investment within a short time period at the outset. It could work out well for you but equally the results could be difficult to recover from.

Although a general rule about investment is not to consider it for periods of less than five years, there are a few well diversified investment funds which deliberately aim to manage short term downside risk, so that a charity may expect superior returns to those available from a savings account, but without being exposed to the full risk of being invested in the stockmarket. It's important to appreciate that such a specialist fund is not risk-free but lower risk than would typically be the case for a well-diversified investment portfolio or fund. Also, don't expect the same level of average return over the long term from such funds as you'd expect from a fund with a longer-term investment horizon. That said, over the long term, the return should still be better than a savings account. Extra risk does tend to imply extra return after all.

With the above in mind one approach would be to think of investment in terms of money you can commit for between three years and five years as one portion and then money you can commit for more than five year as another portion. The former should allow you to access an investment with the potential to produce better returns than a savings account, but without taking on the full extent of day-to-day stockmarket risk. The latter, with the longest time horizon, will allow you to maximise the 'charity advantage' of being a truly long-term investor. This will allow you to access a well-diversified investment portfolio or fund, offering the best prospect for long term returns, in exchange for accepting the risk of the investment markets to which you will be properly exposed.

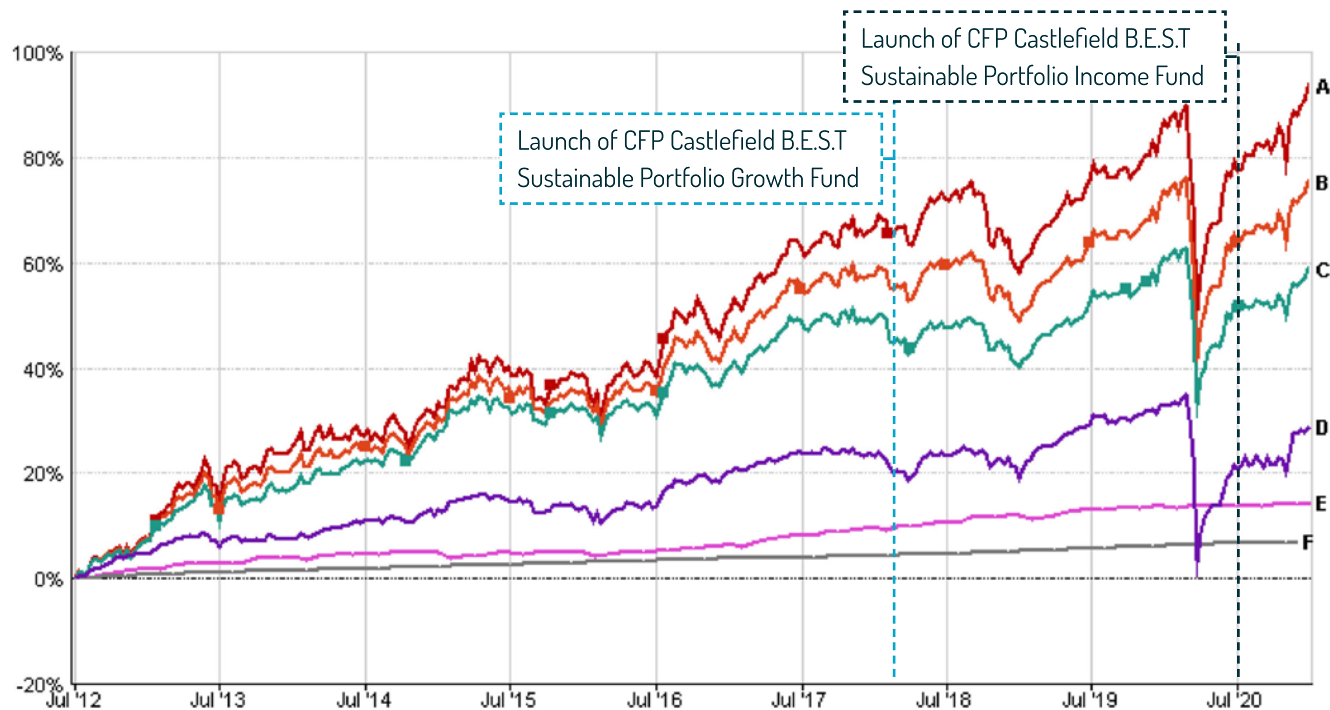
Rather helpfully, every regulated investment fund in the UK produces a 'Key Investor Information Document' (KIID), which includes a standardised 'Risk & Reward Profile'. This scores each fund on a scale of one to seven – one being the lowest risk and seven the highest. In our view, funds with a score of three or lower could well provide suitable exposure for the three-to-five year portion of your money. For any money then sitting in the truly long-term portion, when the need for proper diversification is taken into account, a fund with a score of four or five could be a suitable option.

A fund with a score of three and managed by our own investment management team is the **CFP Castlefield Real Return Fund**.

Funds with a score of four and managed by the same team are the **CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund** and the **CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund.**

TIME HORIZON		TYPICAL INVESTMENT OPTION
0 - 36 months	→	Cash/deposit account
3 - 5 years	→	CFP Castlefield Real Return Fund
5 years +	→	CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund or Portfolio Income Fund

EXAMPLES OF HOW YOU MIGHT HAVE DONE, HAD YOU INVESTED IN THESE FUNDS (% TOTAL RETURN)



- A - CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund (or simulated) [93.76%]
- B - "Balanced" portfolio: 50% CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund (or simulated) & 50% CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund (or simulated) [75.52%]
- C - CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund (or simulated) [58.67%]
- D - CFP Castlefield - Real Return Fund [29.06%]
- E - UK Consumer Price Index [14.35%]
- F - Moneyfacts 90 Days Notice 10K [6.95%]

Source: 29/06/2012 -31/12/2020. Data from FE fundinfo2021.

Please note that this graphic, and data in the subsequent tables, makes reference to the simulated past performance of the CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund and CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund. These simulations are based on the actual past performance of model portfolios which are substantially the same as the respective Portfolio funds (these are model portfolios on the Novia platform managed by Castlefield Investment Partners to a Medium Risk profile with a Growth objective for the Portfolio Growth Fund, and Income objective for the Portfolio Income Fund) and the performance of the respective Portfolio fund since its inception; 1 February 2018 for the Portfolio Growth Fund and 7 July 2020 for the Portfolio Income Fund.

The "Balanced" portfolio is 50% of the simulated return of the Portfolio Growth Fund (as explained above) up to 31 January 2018, blended with 50% of the return for the Portfolio Income Fund (also as explained above) up to 6 July 2020 . The period from 1 February 2018 to 6 July 2020 is then 50% of the actual Portfolio Growth Fund return since its inception blended with 50% of the simulated return of the Portfolio Income Fund (as explained above). The period from 7 July 2020 to 31 December 2020 is 50% of the actual return for the Portfolio Growth Fund and 50% of the actual Portfolio Income Fund return since the inception of the latter.

The "Balanced" portfolio assumes an annual rebalance carried out at the end of June each calendar year.

Neither simulated past performance nor actual past performance should be considered a reliable indicator of future performance. With investment your capital is at risk.

CUMULATIVE PERFORMANCE (% TOTAL RETURN*)

	1 YR	3 YRS	5 YRS	SINCE END-JUNE 12	ANNUALISED RETURN (SINCE END-JUNE 12)	HISTORICAL INCOME YIELD
CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund (or simulated)	3.91	16.06	38.58	93.76	8.08	1.98
"Balanced" portfolio: 50% CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund (or simulated) & 50% CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund (or simulated)	1.48	11.13	28.77	75.52	6.83	2.52
CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund (or simulated)	-0.94	6.26	19.44	58.67	5.57	3.05
CFP Castlefield Real Return General Inc TR in GB	-2.89	4.45	13.73	29.06	3.04	0.80
Index : UK Consumer Price Index TR in GB	0.65	4.10	8.87	14.35	1.59	N/A
Index : Moneyfacts 90 Days Notice 10K in GB	0.75	2.55	3.83	6.95	0.79	0.75

Source: as at 31/12/2020. Data from FE fundinfo2021.

DISCRETE CALENDAR YEAR PERFORMANCE (% TOTAL RETURN*)

	2020	2019	2018	2017	2016	2015	2014	2013
CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund (or simulated)	3.91	17.86	-5.23	10.57	7.98	4.98	6.04	16.73
"Balanced" portfolio: 50% CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund (or simulated) & 50% CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund (or simulated)	1.48	15.98	-5.58	8.51	6.78	4.40	7.41	13.32
CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund (or simulated)	-0.94	14.15	-6.03	6.45	5.59	3.82	8.81	9.95
CFP Castlefield Real Return General Inc TR in GB	-2.89	11.54	-3.57	2.88	5.84	0.45	5.01	2.91
Index : UK Consumer Price Index TR in GB	0.65	1.31	2.10	2.94	1.60	0.20	0.50	2.05
Index : Moneyfacts 90 Days Notice 10K in GB	0.75	1.01	0.76	0.48	0.77	0.75	0.72	0.86

Source: Data from FE fundinfo2021.

SOME USEFUL RATIOS

	MAX DRAWDOWN (%)*	SHARPE*	VOLATILITY*
CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund (or simulated)	-15.18	0.86	8.28
"Balanced" portfolio: 50% CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund (or simulated) & 50% CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund (or simulated)	-14.42	0.80	7.34
CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund (or simulated)	-13.67	0.69	6.59
CFP Castlefield Real Return General Inc TR in GB	-18.37	0.27	7.47
Index : UK Consumer Price Index TR in GB	-1.10	0.55	1.08
Index : Moneyfacts 90 Days Notice 10K in GB	0.00	0.00	0.06

*For definitions, see page 14.

Source: as at 31/12/2020. Data from FE fundinfo2021.

(Note: All ratios are measured on a monthly return basis, whilst both Sharpe and Volatility are also annualised.)

Neither simulated past performance nor actual past performance should be considered a reliable indicator of future performance. With investment your capital is at risk.

KEY DEFINITIONS:

Max Drawdown: This represents the worst possible return an approach has achieved over a period — for example, this would result from buying at the high point in price over the period and selling at the low point.

Sharpe: A commonly used measure for calculating risk-adjusted return; it is the average annualised return earned in excess of the risk-free rate per unit of volatility. The 'risk free rate' in this respect is assumed to be 1% pa and achieved via an investment in the average return on a 90 day notice account through 2019. So, any positive figure should be taken as a sign that investors are being rewarded for the risk they have taken on over time.

Volatility: A statistical measurement that is often used as a measure of risk. It shows how widely a returns varied over time from the average return over the same period, i.e. the higher the number the greater the extent of rises and falls in the value of an investment over time.

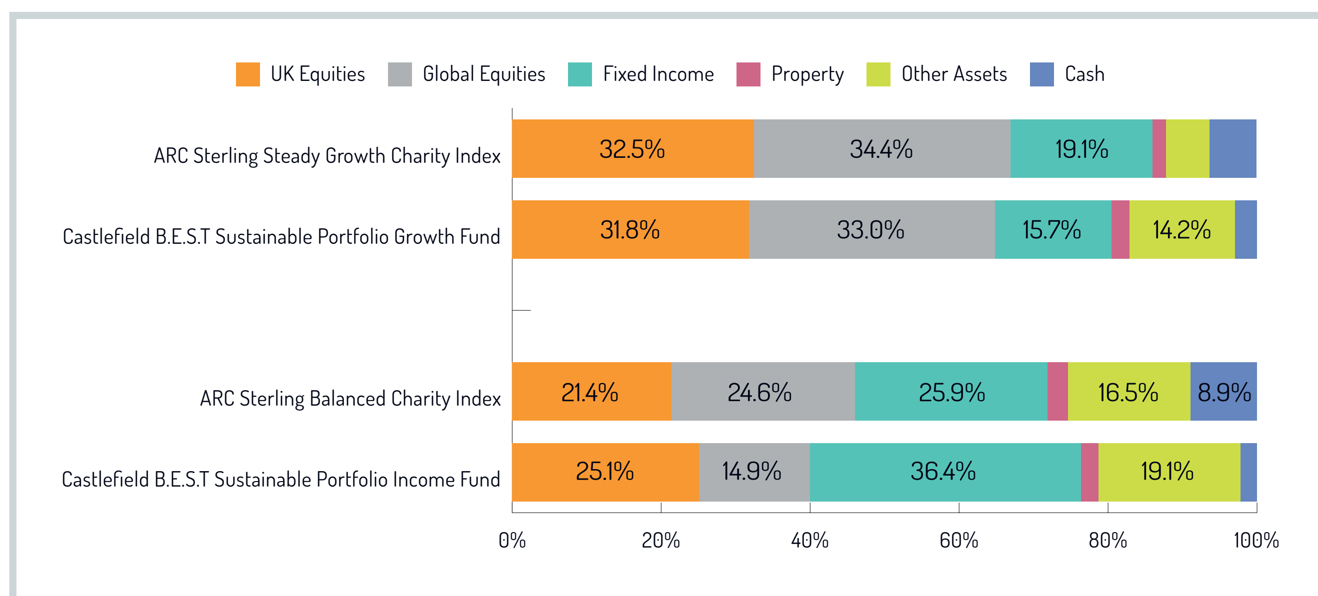
Total Return: A measure of return which takes into account both the capital appreciation of a portfolio and the income received (i.e. interest and dividends).

HOW DO OTHER CHARITIES TEND TO INVEST THEIR LONG-TERM MONEY?

Fortunately, there's a relatively simple way for us and you to know whether the conclusions you reach are consistent with how other charities have interpreted their own investment obligations.

Asset Risk Consultants Limited (ARC) is an independent organisation which collects data from across the investment industry on how charity portfolios are currently invested. The underlying data is provided by the many investment management firms which look after hundreds of charity portfolios. This data is then grouped by ARC into a small number of peer groups - each one representing those underlying portfolios taking a similar level of investment risk. This allows charities to see how the investment return (produced by their own investment portfolio by the investment manager they employ) compares to the typical return produced by all other charities taking a similar level of risk. It also allows us to see how charity portfolios are typically invested. For example, charities forming both the ARC Charity Steady Growth and Balanced peer groups (by our observation these are typical approaches for charities with a long-term time horizon) are currently invested as follows:

ASSET ALLOCATION COMPARISON



Source: Castlefield Investment Partners & ARC as at 31/12/2020

Note that we've also included a breakdown of the allocation of both the CFP Castlefield B.E.S.T Sustainable Portfolio Growth Fund and the CFP Castlefield B.E.S.T Sustainable Portfolio Income Fund too. This illustrates how these Castlefield funds are following an investment approach which maps quite closely to how many other charities choose to invest their long-term money.

NEXT STEPS...

We hope that we've managed to give you a feel for the role of the charity trustee when it comes to investing your money.

Some terminology may even now seem a little unfamiliar, but we've tried to identify here the basic steps all charities need to follow. Start by defining your investment policy, then decide on how long-term different portions of your money are and then finally consider investing in one or more well-diversified investment funds.

Time and your professional investment manager will then take care of the rest.

THE THOUGHTFUL INVESTOR

8th Floor,
111 Piccadilly,
Manchester M1 2HY
0161 233 4551
castlefield.com

Castlefield is a trading name of Castlefield Investment Partners LLP (CIP) and a registered trade mark and the property of Castlefield Partners Limited.

CIP is authorised and regulated by the Financial Conduct Authority. Registered in England & Wales No. OC302833. Registered Office 8th Floor, 111 Piccadilly, M1 2HY. Part of the Castlefield employee-owned group. Member of the Employee Ownership Association.

Opinions constitute our judgement as of this date and are subject to change without warning. The officers and employees of Castlefield Investment Partners LLP, may have positions in any securities mentioned herein. This document shall be governed by and construed in accordance with the law of England and Wales and is subject to the exclusive jurisdiction of the English Courts.

The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance is not necessarily a guide to future performance. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down. In the case of some investments, you should be aware that there is no recognised market for them, and that it may therefore be difficult for you to deal in them or for you to obtain reliable information about their value or the extent of the risks to which they are exposed. Certain investments carry a higher degree of risk than others and are, therefore, unsuitable for some investors. Before contemplating any transaction, you should consider whether you require financial advice.

The information in this document is not intended as an offer or solicitation to buy or sell securities or any other investment or banking product, nor does it constitute a personal recommendation.

STCHTYGDDE/250221

EO EMPLOYEE OWNERSHIP