CAF MANAGED PORTFOLIO SERVICE
Profile selector for charities and not-for-profit organisations
CAF MANAGED PORTFOLIO SERVICE

Profile selector

The CAF Managed Portfolio Service is developed and operated by Octopus Investments and designed for investors who are confident about making their own investment decisions and don’t need to take advice. CAF Financial Solutions Limited (CFSL) promotes and markets the CAF Managed Portfolio Service. This document sets out the features and targets of each of the CAF Managed Portfolio Service Investment profiles. The table sets out some information about each profile (in order from lowest to highest risk), together with a description of each profile’s typical characteristics. It is not a substitute for advice, and the subjective nature of some of the expressions used in the descriptions means that different investors will draw different inferences from each description. If you need help choosing a profile you should seek advice from a financial advisor.

Please note that for each of the eight profiles overleaf, Octopus will adjust the asset allocation from time to time depending upon market circumstances, but not to an extent that would significantly alter the long term risk-return profile of the investment strategy. The managers aim to outperform their benchmark (after costs) and use a combination of actively managed investments for potential outperformance and passive investments for cost-effective market exposure. The aim is to achieve better returns than the underlying markets while controlling the overall cost of the investment.

This promotion does not offer investment or tax advice and as this product is not suitable for everyone, we recommend you seek independent investment and tax advice before investing in our products.

How to use the Profile selector

The Profile selector sets out important information relating to all the available profiles so that you can decide which is most suitable for your charity.

- Look for the profile that best fits your long term target return and investment horizon. Please find some real-life case studies on page 5 which may help you decide where best to start.
- Read the profile description, objective and investor description and check that you are comfortable that these fit your needs.
- Check the profiles above and below the profile you have selected to confirm that you are happy with your choice.
- Please read this document in conjunction with the CAF Managed Portfolio Service product brochure, fees and charges, terms and conditions and appropriate profile factsheet.

Your capital is at risk and you may not get back the full amount invested. Tax treatment depends on the individual circumstances of each investor and may be subject to change. Past performance is not a reliable indicator of future results and any forecast is not a reliable indicator of future performance. There is no guarantee that the investment objectives of the portfolios will be met. Potential investors should refer to the CAF Managed Portfolio Service product brochure, which lays out the risks and benefits of investing, before making the decision to invest.
GETTING STARTED

How the Investment profiles work

Octopus use the four FP CAF Investment Funds as the flexible building blocks of each Investment profile. The FP CAF Funds focus on investments within four distinct asset classes:

**FP CAF Fixed Interest**: funds that invest in bonds and other investments that pay a fixed rate of interest over a specified time period.

**FP CAF Alternative Strategies**: accessing alternative types of investment strategies, beyond the more traditional asset classes of equities and bonds.

**FP CAF UK Equity**: funds that invest in companies listed on the UK stock exchange.

**FP CAF International Equity**: funds that invest in companies listed on stock exchanges around the world.

Each FP CAF Fund has its own distinct level of risk/return. For example, a ‘fixed interest’ asset class is considered less risky than an ‘International equity’ asset class, but it offers a lower potential return.

By blending the four FP CAF Funds, each profile contains a diversified portfolio of investments. Different blends create Investment profiles with different levels of risk and potential return. Lower risk Investment profiles will generally have a greater fixed interest proportion compared to higher risk/return Investment profiles, which will generally have a larger international equities component.

For full details see the CAF Managed Portfolio Service brochure and fees and charges.

Source: Octopus Investments
For illustration purposes only. Returns are based on losses or gains on the investment, fluctuations will apply in practice.
The following case studies are provided for illustrative purposes only and highlight how three charities utilised the profiles to meet their objectives.

1 **Investment profile – CAF Conservative Capital Growth**

Charity A is in a transformational stage and has a cautious approach to investing. It wants to grow the capital received from the sale of property over a 5 year+ timeframe to meet new charitable goals. Conservative Capital Growth was chosen for its relatively low level of investment risk in exchange for the potential to deliver the required returns over the charity’s timeframe. The charity is aware that the portfolio investment objectives may not be achieved and that their capital is at risk.

2 **Investment profile – CAF Progressive Capital Growth**

Charity B is looking to achieve capital growth at least in line with and ideally in excess of inflation, as well as to cover a targeted income amount to be received per quarter in order to meet its charitable donations over a period of at least 7-10 years. Progressive Capital Growth was selected for its potential to deliver the required returns and the charity is prepared to accept that its capital is at risk and that the targeted levels of income may not be achieved.

3 **Investment profile – CAF Managed Equity Growth**

Charity C wanted to grow their capital over the long term and then use the sum to take an income to support their activities from year 4 onwards. Managed Equity Growth was selected for its potential to provide capital growth to meet the target return of 7.5% per annum, as the charity can afford to take a higher level of risk for the potential of a higher return over an 8 year+ timeframe.

Your CFSL client manager can provide you with full details of your chosen *Investment profile* and will be happy to provide any additional information you may need to help you select the most appropriate Investment profile to match your organisation’s objectives. Your CFSL client manager is not able to offer specific investment advice.
### UNDERSTANDING THE INVESTMENT PROFILES

The table below shows a description of each investment profile, its objectives, and some typical characteristics. Please note that there is no guarantee that the profile objectives will be achieved. Even in the lower risk portfolios, your capital is at risk and you may not get back the full amount invested.

<table>
<thead>
<tr>
<th>Profile name and description</th>
<th>Profile objective</th>
</tr>
</thead>
</table>
| **CAF Cash Plus**  
Low risk – low returns, likely to be of an enhanced cash nature, but not always ahead of inflation. | To provide an enhanced level of return compared to a pure cash investment, with a higher degree of capital security and stability than a fixed income bond portfolio. The managers invest a percentage of the portfolio in a sterling-denominated money market fund with an ‘AAA’ rating from Standard & Poor’s. However, to achieve a return above that of cash, government and corporate bonds are also included, as well as equities, alternative assets and alternative investment strategies. All of these are subject to shorter-term fluctuations in value. |
| **CAF Defensive Capital Growth**  
A lower risk investment strategy with an emphasis on investment in fixed interest securities. Here, a degree of risk is taken over the short to medium term, as the aim is to achieve returns in excess of inflation over the longer term. | To provide long-term capital growth with a lower level of long-term capital risk when compared to equity driven investments. The managers invest primarily in UK and international government and corporate bond funds. There is also exposure to bonds, UK equities, alternative assets and alternative investment strategies. These may introduce fluctuations in capital value in the short to medium term. |
| **CAF Conservative Capital Growth**  
A lower to medium risk investment option, which aims to grow the invested capital at a higher rate than a pure bond portfolio. | To provide a higher investment return than could be achieved by a high quality bond investment over the medium to long term. The managers use a balanced portfolio approach, harnessing diversified returns from bonds, equities and alternative assets. |
| **CAF Moderate Capital Growth**  
A medium risk investment option, with a higher allocation to equity investments than bonds and alternatives. | To generate sustained capital growth over the medium to long term, by investing in global equity markets, while using other asset classes and strategies to reduce the volatility associated with equity investing. The managers invest in equity funds, alternative investment strategies, as well as bonds. |
| **CAF Progressive Capital Growth**  
An equity-orientated growth strategy with an exposure to alternative investment strategies in order to reduce volatility. | To generate capital growth over the medium to long term, without exposing investors to the risks and volatility associated with a wholly equity focused portfolio. The managers invest in a combination of UK and overseas equity funds, as well as alternative strategy investments. |
| **CAF Managed Equity Growth**  
An equity-dominated investment strategy with the resultant higher investment market risk, which generates equity type returns at a slightly reduced level of volatility. | To generate capital growth over the medium to long term, without exposing investors to the risks and volatility associated with a wholly equity focused portfolio. The managers invest primarily in equity funds with some exposure to alternative strategy assets, which helps to lower the volatility of the overall portfolio. |
| **CAF Advanced Equity Growth**  
An investment strategy dominated by overseas equities which provide a high return potential in exchange for significant investment market risks. | To generate capital growth over the medium to long term, without exposing investors to the risks and volatility associated with a wholly equity focused portfolio. The managers predominantly invest in equity funds with some exposure to alternative strategy assets. This helps to lower the volatility of the overall portfolio when compared to a pure equity strategy. |
| **CAF Global Equity Opportunities**  
A portfolio strategy with an international equity investment focus, with the capability to deliver the full return benefit of global equity opportunities to the longer-term investor. This strategy has significant investment market risks. | A global growth strategy which aims to maximise long-term investment returns by harnessing global equity investment opportunities. The managers invest in overseas equity funds and in the UK equity market. |
### Investor description

<table>
<thead>
<tr>
<th>Target volatility range</th>
<th>Long term target return*</th>
<th>Recommended investment horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td>This portfolio may be suitable for investors who want to maintain a large cash balance, for periods of more than 12 months. In exchange for a return on their investment that matches inflation, investors are likely to be willing to accept a level of capital security that is slightly less than could be achieved by investing in a cash deposit account from a high street bank.</td>
<td>2.5% to 5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>This portfolio may be suitable for investors looking to avoid inflation eroding their capital, but who also want to be confident that any short-term risks or fluctuations in capital values will not lead to capital losses over the longer term. The aim is to achieve an inflation-beating total return in their portfolio over three years or longer.</td>
<td>5% to 6.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>This portfolio may be suitable for investors with a time horizon of five years or more and wish to grow their investment beyond the impact of inflation. Investors therefore accept some capital value fluctuations in the short and medium term in order to achieve an acceptable rate of return over the longer term.</td>
<td>6.5% to 8%</td>
<td>5%</td>
</tr>
<tr>
<td>This portfolio may be suitable for investors with a time horizon of six years or more and wish to grow their investment beyond the impact of inflation. Investors therefore accept some capital value fluctuations in the short and medium term in order to achieve an acceptable rate of return over the longer term. As the fund is a long-term investment there may be years when the capital value of the portfolio is reduced until market valuations recover again.</td>
<td>8% to 9.5%</td>
<td>5.5%</td>
</tr>
<tr>
<td>This portfolio may be suitable for investors with a longer investment time horizon, which allows them to weather the medium-term ups and downs of equity markets in order to benefit from the higher equity risk-return premium.</td>
<td>9.5% to 11%</td>
<td>6%</td>
</tr>
<tr>
<td>This portfolio may be suitable for investors with an investment time horizon of eight to ten years and are not unnerved by short term losses. The extended investment term should allow the varied annual returns to even out towards a positive return premium at the end of the investment period.</td>
<td>11% to 12.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>This portfolio may be suitable for investors with an investment time horizon of more than ten years and are therefore not unnerved by short term losses. The extended investment term should allow the varied annual returns to even out towards a positive return premium at the end of the investment period.</td>
<td>12.5% to 14%</td>
<td>7%</td>
</tr>
<tr>
<td>This portfolio may be suitable for investors with an extended investment time horizon or significant previous investment experience. They are seeking an investment providing unconstrained return opportunities whilst, through its wider diversification, preventing the total loss risk of single stock investments.</td>
<td>14% to 15.5%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

* Targeted returns rely on long-term asset class assumptions that can’t be guaranteed and include all charges except the cost of the portfolio fee. Please see the MPS fees and charges document for further details on charges www.cafonline.org/cafmps. The assumptions are based on a range of inputs including historical asset class data and third party research. Note that the target risk band is based on a three year minimum holding period. Source: Octopus Investments, December 2013
Next steps

- If you have identified the profile or profiles that you believe might meet your organisation needs, you can receive more information about it via the monthly updates provided by Octopus. These are available from www.cafonline.org/investments or via your client relationship manager.

- If you would like to proceed please complete the client suitability questionnaire in conjunction with your application form.

If you have any questions about how to use this document or would like further information on the CAF Managed Portfolio Service please call CAF Financial Solutions Limited on 03000 123 444

This document is prepared by Octopus Investments Limited, 33 Holborn, London, EC1N 2HT
T: 020 7710 2800  F: 020 7710 2801  octopusinvestments.com  Telephone calls are recorded.
Authorised and regulated by the Financial Conduct Authority FRN 194779.

CAF Financial Solutions Limited (CFSL) promotes and markets the CAF Managed Portfolio Service. CFSL is authorised and regulated by the Financial Conduct Authority under registration number 189450. Authorisation can be checked on the financial services register at www.fca.org.uk

CFSL Registered office is 25 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4TA. Registered under number 2771873.

CFSL is a subsidiary of Charities Aid Foundation (registered charity number 268369).
Telephone calls may be monitored or recorded to comply with relevant legislation and for training purposes. Lines are open Monday to Friday 9am - 5pm (excluding English bank holidays).