



Teknometry CIG Charity Fund Universe

Performance of UK Charity Funds

Launch Edition

Covering Periods Ending 31st December 2016

Teknometry Ltd
West One
114 Wellington Street
Leeds
LS1 1BA

0113 347 1320
universes@teknometry.com
www.teknometry.com

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Introduction

The Teknometry CIG Charity Fund Universe has been established by Teknometry in conjunction with the Charity Investors' Group to provide a representative peer group for the analysis of UK charity investment performance, initially in the multi-asset sector.

The Universe has nine founding participant investment management firms providing data on over 1,300 portfolios that represented £13.8bn of UK charity fund assets at the end of 2016.

Each participant has supplied data for the five-year period ending 31st December 2016 at a total portfolio return level in order to give the universe a meaningful history from the launch. Going forward we will be broadening the data collection and analysis to include asset allocation and yield data, in order to provide further insight into UK charity fund investment performance.

This report provides the key statistics from the Universe for the 5 year history and forms the basis of a quarterly report that will be available around 3 weeks after each quarter end.

Further details of the participant investment management firms can be found on page 4.



Teknometry

Formed in 2011, Teknometry uses unrivalled industry experience to provide investment performance analysis solutions to investment management organisations.

The Teknometry platform is based on award-winning technology and is used to collect the data and deliver a wide range of reports to the participants of the Teknometry CIG Charity Fund Universe via an online portal.



CHARITY INVESTORS' GROUP
THE FORUM FOR INVESTMENT DEBATE

Charity Investors' Group

The Charity Investors' Group (CIG) is an independent group with a common interest in promoting a greater understanding of investment related issues. The group aims to be educational, informative and challenging, sharing expertise and experience.

The Charity Investors' Group welcomes new members and further information can be found at charityinvestorsgroup.org.uk.

Headline Returns

The average UK charity fund returned 2.82% over the quarter and 13.03% over the past year.

The table and chart below shows the total net return achieved by the average UK charity portfolio over the key periods ending 31st December 2016. The percentile returns give an indication of the spread of returns in the sample for each period.



Note: periods of 1 year or more are annualised

Individual Period Returns

The table below shows the cumulative returns over the past 3 years for periods between selected quarter end dates.

	31-Dec 13	31-Mar 14	30-Jun 14	30-Sep 14	31-Dec 14	31-Mar 15	30-Jun 15	30-Sep 15	31-Dec 15	31-Mar 16	30-Jun 16	30-Sep 16
31-Dec-16	20.86	20.47	18.79	18.27	15.66	10.30	12.73	17.81	13.03	12.83	9.45	2.82
30-Sep-16	17.55	17.16	15.53	15.03	12.49	7.28	9.64	14.58	9.95	9.74	6.45	
30-Jun-16	10.43	10.07	8.53	8.06	5.67	0.78	2.99	7.64	3.29	3.09		
31-Mar-16	7.12	6.77	5.28	4.82	2.50	-2.24	-0.09	4.41	0.20			
31-Dec-15	6.91	6.56	5.07	4.61	2.30	-2.44	-0.29	4.21				
30-Sep-15	2.59	2.26	0.83	0.39	-1.83	-6.37	-4.32					
30-Jun-15	7.22	6.87	5.38	4.92	2.60	-2.15						
31-Mar-15	9.58	9.22	7.69	7.22	4.86							
31-Dec-14	4.50	4.16	2.71	2.26								
30-Sep-14	2.19	1.86	0.44									
30-Jun-14	1.75	1.42										
31-Mar-14	0.33											

Note: all returns are cumulative

Detailed Analysis

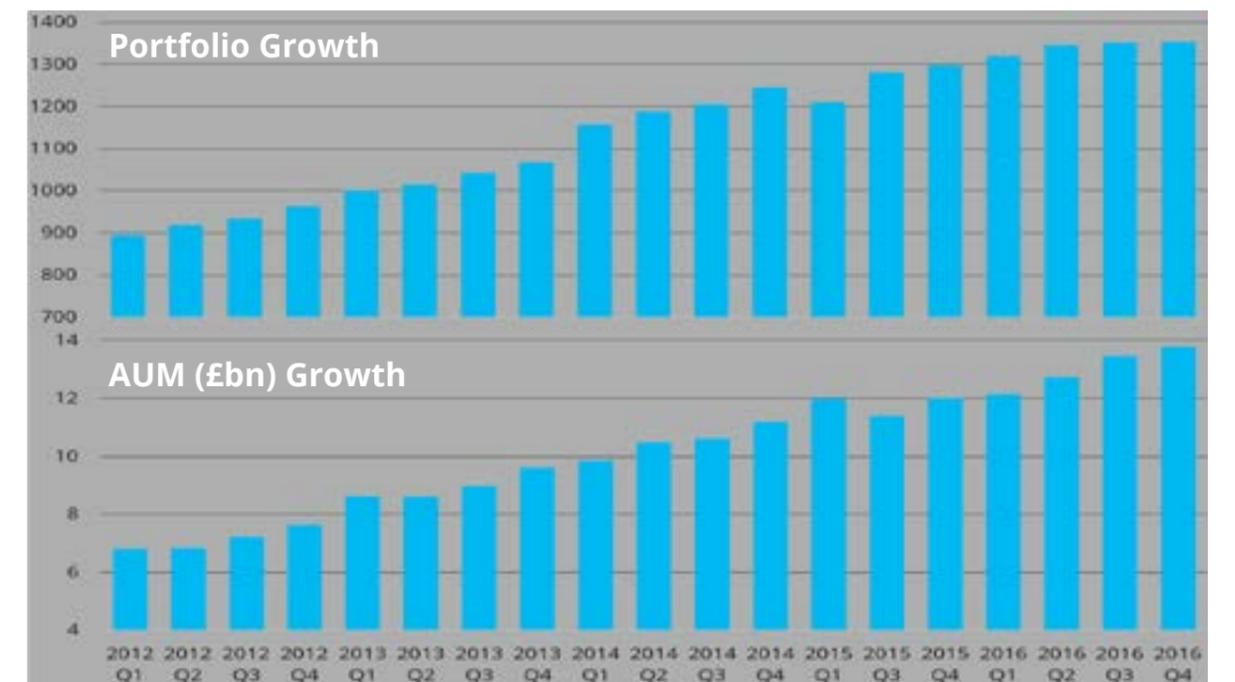
The table below shows the total net return and risk for the latest quarter and over the longer term.

	Last 3 Months %	Last 6 Months %	Last 9 Months %	Last 12 Months %	2015 %	2014 %	2013 %	2012 %	3 Years %	5 Years %
5th Percentile Return	0.60	4.75	7.67	7.31	-1.42	1.24	5.11	3.64	3.38	5.09
Lower Quartile Return	2.14	7.92	11.38	10.91	1.35	3.11	13.63	9.32	5.88	7.71
Average Return	2.82	9.45	12.83	13.03	2.30	4.50	16.14	11.03	6.52	9.28
Asset Weighted Average Return	2.43	8.89	13.64	13.85	3.08	5.97	16.96	11.46	7.55	10.15
Median Return	3.07	9.76	12.79	13.16	2.13	4.07	16.08	10.98	6.64	8.86
Upper Quartile Return	3.46	10.66	13.96	14.21	3.31	6.00	17.59	11.86	7.41	9.84
95th Percentile Return	4.45	12.54	16.64	17.61	4.74	7.58	20.81	14.71	10.53	11.79
Dispersion	1.24	2.32	2.92	3.25	1.96	2.09	4.29	3.00	2.22	2.24
Volatility										6.37

Note: periods of 1 year or more are annualised

Sample Growth

The charts below show the growth in the sample size, by number of portfolios and by assets under management, since the inception of the Teknometry CIG Charity Fund Universe.



Participants

The table below lists the founding investment management firms that kindly agreed to submit a 5 year history to establish the Teknometry CIG Charity Fund Universe. They can be contacted using the details below.

FIRM NAME	CONTACT NAME	EMAIL	TELEPHONE
Brewin Dolphin	Ruth Murphy	ruth.murphy@brewin.co.uk	020 3201 3924
Cazenove Capital	Jeremy Barker	Jeremy.barker@cazenovecapital.com	020 7658 1107
CCLA	Lindsay Jones	l.jones@ccla.co.uk	020 7489 6102
Investec	Louise Hall	louise.hall@investecwin.co.uk	020 7597 1326
Newton Investment Management	Stephanie Smith	stephanie.smith@newtonim.com	020 7163 6377
Quilter Cheviot	Charles Mesquita	Charles.mesquita@quiltercheviot.com	020 7150 4386
Rathbones Investment Management	James Brennan	james.brennan@rathbones.com	020 7399 0359
Sarasin	John Handford	john.handford@sarasin.co.uk	020 7038 7268
Waverton Investment Management	Eleanor Gough	egough@waverton.co.uk	020 7484 7485

Glossary of Terms

The Teknometry CIG Charity Fund Universe (the Universe) is made up of balanced (mixed asset) portfolios that are managed by the participating asset management firms. Managers can submit data for portfolios that represent the strategies marketed as balanced and that would be included in a balanced composite for the firm (regardless of whether or not it is an actual GIPS composite). Each firm can define criteria for inclusion (e.g. over £1m), but may not vary the criteria without explanation.

Statistics and terms used in reports produced on the Universe are explained below.

Annualised Returns

Returns for periods of 1 or more years are annualised to represent the average return in each year.

Assets Under Management (AUM)

The sample AUM is the sum of all the total market values of the constituent portfolios at the period end.

Dispersion

Dispersion is a measure of risk for the universe and is the deviation of the constituent portfolio returns from the universe Equal Weighted Net Return, the formula for which is:

$$Dispersion = \sqrt{\frac{\sum R_i^2}{n} - \left(\frac{\sum R_i}{n}\right)^2}$$

Where
R_i is the annual return for portfolio i
n is the number of portfolios in the sample for the period

Fees

The universe is comprised of returns that are net of fees.

Median

The median of a sample is the mid-point after sorting into numerical order, splitting the sample into 2 equal groups. Where the sample has an odd number of observations the middle two are averaged to obtain the median.

Percentiles

Percentiles divide a sample into 100 equal groups after sorting into numerical order, typically to rank portfolios within the universe. The 5th and 95th percentile are widely used to indicate the spread of returns, excluding outliers.

Quartiles

Quartiles divide a sample into 4 equal groups after sorting into numerical order. A return in the Lower Quartile is in the bottom 25% of the returns in the universe sample (i.e. between the minimum and the first quartile point). Similarly, a return in the Upper Quartile is in the top 25% of returns in the sample – between the third quartile point and the maximum.

The spread between the lower and upper quartile is known as the inter-quartile range and the second quartile point is also known as the median.

Sample Size

The universe sample size is the total number of portfolios included in the sample for the period shown.

Universe Returns

Universe returns are calculated as an average on an Asset Weighted and Equal Weighted basis using the net returns for the constituent portfolios. Cumulative returns for periods of a year or more are annualised. A Median Return is also available.

Equal Weighted or Average Return

When referring to the return on the Teknometry CIG Universe this is the statistic used. The formula for the return is as follows:

$$Equal\ Weighted\ Return = \frac{\sum R_i}{n}$$

Where
R_i is the Return of Portfolio i for the month
n is the number of portfolios in the sample for the period

Asset Weighted Return

The Asset Weighted Return is an average that takes account of the weights of the constituent portfolios and is reported as supplemental information. The formula for the return is as follows:

$$Asset\ Weighted\ Return = \frac{\sum W_i \times R_i}{\sum W_i}$$

Where
W_i is the Weight of Portfolio i at the start of the period
R_i is the Return of Portfolio i for the period

Median Return

The Median Return is the mid-point in a sample of numerically ascending sorted returns. It is less influenced by very large or very small outliers than the Averages.

Volatility

Volatility is the standard deviation of the Equal Weighted Net (Average) Returns, shown over a minimum of a 3 year period. It is a statistical term that measures the spread or variability of a sample. Volatility is a good measure of the typical size of a deviation from the mean because this measure is in the same units as the original data and is quite widely used as a measure of risk of portfolio investments. The formula for the calculation of volatility (standard deviation of returns) is as follows:

$$\sigma = \sqrt{\frac{n \sum R_i^2 - (\sum R_i)^2}{n(n-1)}}$$

Where
σ is the Standard Deviation for the period
R_i is the Return for period i
n is the number of periods

The Teknometry CIG Universe represented over £13bn of UK Charity Assets at the end of 2016

In 2016 the average charity returned 13.03%

Over the 5 years to the end of 2016 the average charity returned 9.28%pa



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For further information on the Teknometry CIG Charity Fund Universe:

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universes@teknometry.com
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The information contained in this document must not be used for comparison purposes where the fund being compared to the Universe is not a constituent of the Universe.

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