

Understanding the **First Sentier** Diversified Growth Fund

A client guide
For professional clients only



RISK FACTORS

This is a financial promotion for The First Sentier Diversified Growth Fund. This information is for professional clients only in the UK and EEA and elsewhere where lawful. Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Charges to capital risk:** The fees and expenses may be charged against the capital property. Deducting expenses from capital reduces the potential for capital growth.
- **Currency risk:** The Fund invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Fund and could create losses. Currency control decisions made by governments could affect the value of the Fund's investments and could cause the Fund to defer or suspend redemptions of its shares.
- **Emerging market risk:** Emerging markets tend to be more sensitive to economic and political conditions than developed markets. Other factors include greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- **Derivative risk:** Derivatives are sensitive to changes in the value of the underlying asset(s) and/or the level of the rate(s) from which they derive their value. A small movement in the value of the assets or rates may result in gains or losses that are greater than the amount the Fund has invested in derivative transactions, which may have a significant impact on the value of the Fund.
- **Credit risk:** the issuers of bonds or similar investments that the Fund buys may get into financial difficulty and may not pay income or repay capital to the Fund when due.
- **Interest rate risk:** bond prices have an inverse relationship with interest rates such that when interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.

For a full description of the terms of investment and the risks please see the Prospectus and Key Investor Information Document for each Fund.

If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.

Helping you save for the future

Here at First Senter Investors, we, as stewards of your savings, apply our core strengths of active and responsible management by **investing with purpose** through a **flexible and dynamic** approach.

- Investing over £13bn on behalf of our clients globally in multi-asset
- 20+ years' experience managing multi-asset funds
- Global team with local presence: London, Singapore, Sydney
- Responsible Investment Excellence
- Long-term investors



Data as at 31 January 2020. 20 year track record in relation to CFSGAM.

For more information on how Defaqto calculate their Diamond ratings, please visit their website at www.defaqto.com/fund-managers/ratings/diamond-ratings and for information on how risk ratings are determined please visit www.defaqto.com/fund-managers/risk-ratings.

Why is this relevant to you?

From our conversations and research with clients over the years including individual savers, financial advisers and other intermediaries, two important objectives regularly stand out:



Steady capital growth.

We know that many investors prefer steady, consistent returns rather than more significant, but unpredictable, highs and lows that we often see in investment markets. Delivering consistent, positive returns is the key to increasing the value of an investment over the long-term.



Capital preservation.

In our industry, jargon like standard deviation, tracking error and volatility is often used as shorthand to describe and measure portfolio risk. Let's be clear; to many of us, 'risk' is the chance of losing money. Pure and simple. There is a strong desire to protect our capital.

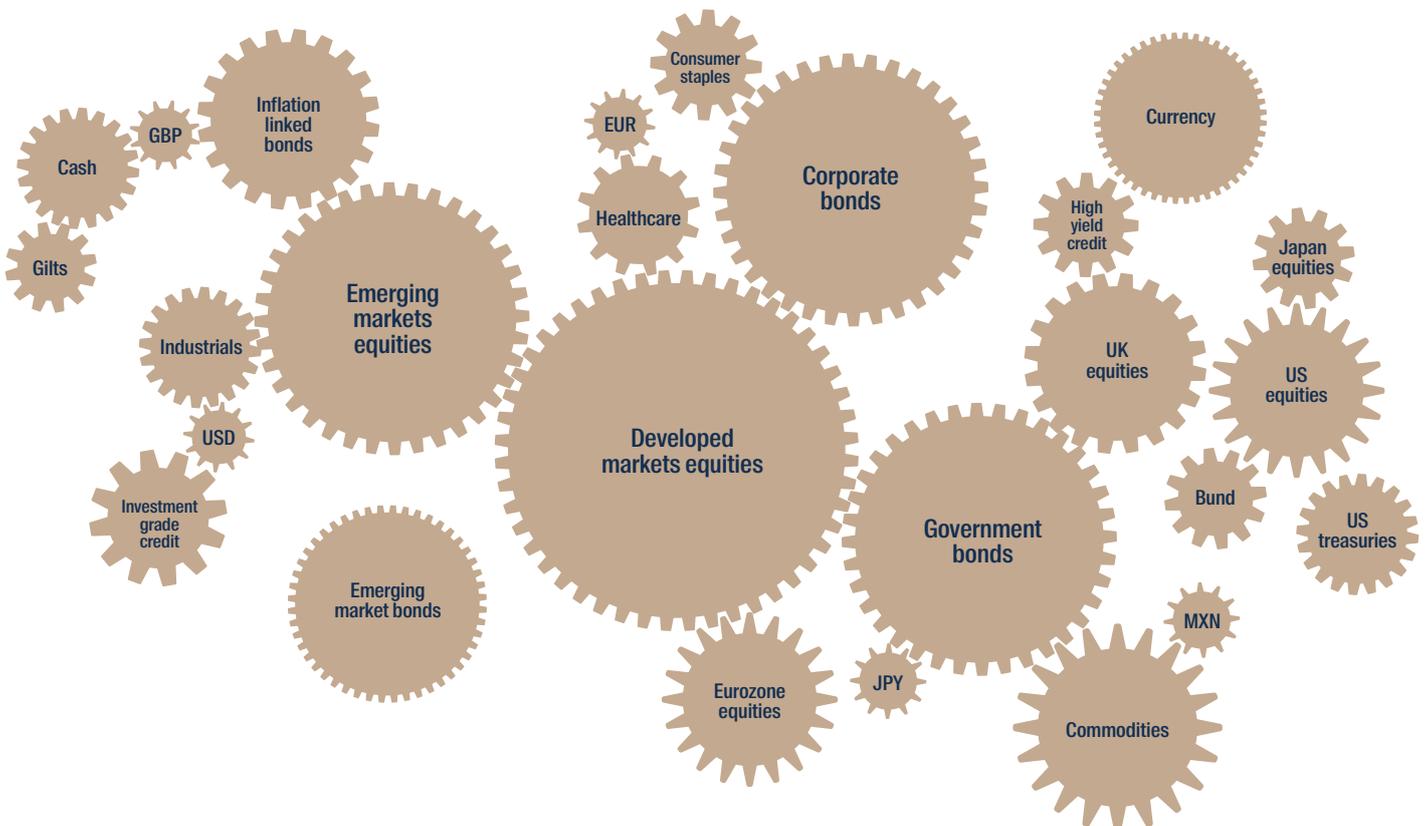


In teasing out these objectives, we can immediately see that they are somewhat conflicting. For example, you could have a portfolio fully invested in cash that delivers on capital preservation, but fails on capital growth, in a low interest rate environment.

INVESTING WITH PURPOSE
With this in mind, we seek to balance the trade-off between upside risk (meeting the Fund's performance target) and downside risk (the chance of capital losses). This is what we call objective based investing.

How do we do it?

Unlike traditional multi-asset portfolios, there is no requirement for the First Sentier Diversified Growth Fund to allocate to any particular investment type. Instead, we blend a combination of investments that we believe together have the highest likelihood of delivering the performance target of inflation + 4% target.¹



¹ Over rolling five-year periods, before fees, RPI: Retail Price Index

Flexibility is key

- The Fund is not obligated to track any benchmark or maintain static exposures (such as a 60% allocation to shares, and 40% to Fixed Income).
- The appeal of individual investment opportunities varies over time as valuations change according to prevailing market, economic and political conditions. We have full discretion regarding what to invest in – and what not to – at any given point in time.

Dynamically implemented

- By dynamically shifting exposures, we aim to take advantage of short-term investment opportunities as and when they arise.
- History has shown that being dynamic, making well-timed changes to the investment mix, can have significant positive influence on long-term performance.
- Reviewing positioning on a weekly basis, the composition of the portfolio is continually reviewed by the investment team. The unconstrained approach enables us to respond quickly and decisively to evolving market conditions.

Risk management

- Even with the most diligent monitoring and management, returns are never certain when investing in financial markets. It isn't possible to generate the Fund's return objectives without exposing investors to some risk.
- Statistical risk measures are used as aids to guide asset allocation decisions and risk controls. While we believe these measures are helpful, they are imperfect and so need to be supplemented with market experience.

What does this mean for the First Sentier Diversified Growth Fund?



Neutral Asset Allocation

- The first step of our Neutral Asset Allocation process is to set the economic climate.
- We use the economic climate assumptions within our proprietary models to determine forward looking expected returns.
- The process of determining the Neutral Asset Allocation uses these expected returns for the building blocks of the portfolio allocations incorporating the return objectives, constraints, and investment horizon of the portfolio.

Dynamic Asset Allocation

- Our Dynamic Asset Allocation process takes into account the shorter-term market dynamics to deliver additional returns and seek to abate portfolio risks.
- This part of our investment process is formally reviewed each week and looks at (among other things) markets to take advantage of possible dislocations.
- We have the ability to increase or decrease our Neutral Asset Allocation and Dynamic Asset Allocation dependent on market conditions to maximize the probability of meeting the return objective.

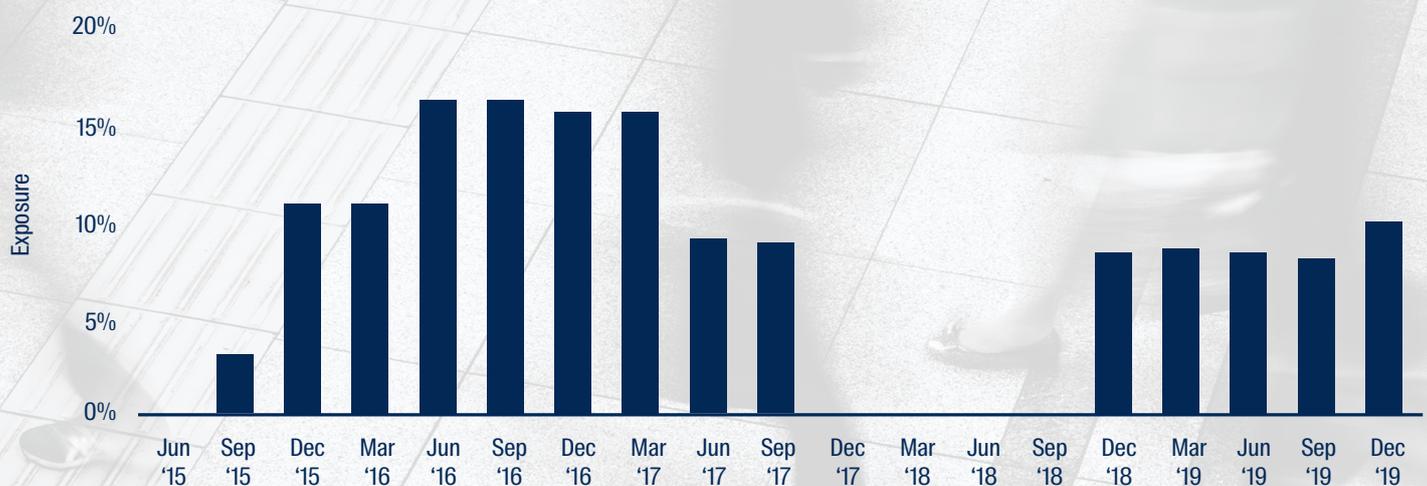
Demonstrating Flexible and Dynamic

The best way to demonstrate this is with a case study, let's look at our exposure to corporate high yield.

The graph shows that before June 2015, in our assessment corporate high yield was not attractive enough - and by 'attractive enough' we mean that we would not be sufficiently compensated for the amount of risk. As such we had no exposure. Our views started to change towards the end of Q3 2015,

consequently we started increasing to just over 15% over the next three quarters. As the attractiveness of High Yield, in our view waned, we started to reduce and ultimately exit the allocation. As markets moved in Q4 2018 our view on corporate High Yield changed again and we added exposure.

Case study: High yield exposures



Source: First Sentier Investors

This Fund might suit you if:

- You wish to invest in a Fund that seeks to achieve consistent returns above inflation over a five year period.
- You are comfortable with the Fund's truly flexible and dynamic investment approach.

A multi-asset team with proven track record, global reach and local presence. Investment markets rarely stand still. And neither do we.



Please remember that there is no guarantee that the Fund's objectives will be achieved and that actual returns can vary from the intended target.

How to invest

Available share classes

Share class	Share class currency	Inc/Acc	Sedol number	ISIN	Annual Management Charge (%)	Benchmark
B	GBP	Acc	BVXC2S1	GB00BVXC2S15	0.65	UK Retail Price Index
B	EUR	Acc	BVXC2V4	GB00BVXC2V44	0.65	
B	USD	Acc	BVXC2W5	GB00BVXC2W50	0.65	
E*	GBP	Acc	BF4G224	GB00BF4G2242	0.40	

*E share class has a capped OCF. Early bird share class for first £250m.

Platform availability

Aegon	James Hay Partnership
AJ Bell	Novia
All funds	Old Mutual
Alliance Trust	Pershing
Aviva	Raymond James
Cofunds	Transact
Fidelity	Zurich
Hargreaves Lansdown	

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References to "we" or "us" are references to First Sentier Investors.

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Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. Place where the relevant documentation may be obtained: The prospectus, key investor information documents (KIIDs), the instrument of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

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