

## The Golden Charter Trust

### Report of the Independent Fund Manager for year to 31<sup>st</sup> March 2020

As a requirement of the Financial Services and Markets Act 2000, and under an Investment Management Agreement dated 1<sup>st</sup> April 2017, Aubrey Capital Management Limited of Edinburgh is the Independent Fund Manager of The Golden Charter Trust (“the Trust”) and specifically of the shareholding in its wholly owned subsidiary company, The Golden Charter Trust Limited (“Trust Limited”), which holds various underlying investments for the benefit of the Trust.

Apart from the management of the shareholding of Trust Limited, the Independent Fund Manager is required to report at the end of each financial year of the Trust whether the Statement of Investment Principles, adopted by the Trustees from time to time, has been observed during the preceding twelve months. In particular we are required to monitor and provide high level supervision of the overall investment policy of the Trust, its diversification strategy and the performance of the underlying investment managers appointed from time to time to manage different asset classes on behalf of the Trustees.

In order to meet the Trustees’ principal investment objective to maximise returns sufficient to meet anticipated costs of pre-paid funerals, the Trustees maintain a diversified investment portfolio utilising, under Section 11 of the Trust’s constituting Deed, a wide range of different assets, and maintain a balance between assets intended to preserve capital and assets with the primary objective of growth. With the intention of preserving capital in real terms, the Trustees hold as their largest asset class a diversified portfolio of index linked gilts; and with a view primarily to generating long term growth hold the balance divided between global equities, diversified growth funds, property, infrastructure assets, corporate debt and cash.

The Trustees’ long term target for the Trust’s asset mix is for 50% to be invested in index linked gilts, and 50% in assets aimed at growth. At the year-end, 50.7% of the total of the Trust’s invested assets was held in index linked gilts, managed passively since 2018 by Legal & General to track the performance of the index linked market as a whole and 49.3% of the Trust’s assets was invested for long term growth. At the year end, £3.5m of cash was held by Trust Limited and £14.2m was held by the Trust.

The Trust’s growth portfolio is currently provided by 7 separate underlying investment houses, picked specifically for proven expertise and track records in specialist strategies and asset classes. The last change to the appointed Growth providers, the addition in the previous year of Ruffer’s absolute return Capital Growth Fund has proved its worth over the last year.

The index linked portfolio is aligned to the index linked market as a whole, and, indeed, has mildly outperformed it over the 12 months. Of the underlying investment managers of the growth asset proportion, the majority performed over the full year ahead of or in line with relevant benchmarks and/or expectations, given the approved strategies pursued. The performance of all the investment managers is reviewed and monitored by the Trustees’ Investment Strategy Group on a quarterly basis according to sensible criteria, including consideration of reasonable timeframes and the market context and conditions in which particular strategies are pursued.

Extraordinary market conditions in the final quarter up to 31<sup>st</sup> March were an important proving ground for the Trust’s policy of maintaining a judicious and calming balance between defence and growth by diversification across proven managers of different asset classes; and that policy has not been found wanting in the recent volatility.

Having reviewed the Trustees’ target split between asset preservation and growth, and its choice of managers and Funds to deliver both the passive index linked strategy and the multi asset growth strategy we are satisfied that the diversification is sound and is being delivered by specialist managers of quality through vehicles with appropriate liquidity.