



ARC Charity Indices Performance Report

December 2023



performance in context

Contents	Pages
About ARC Charity Indices	3
Performance Summary	4
Risk/Return Profile	5
ARC Sterling Cautious ACI	6
ARC Sterling Balanced Asset ACI	7
ARC Sterling Steady Growth ACI	8
ARC Sterling Equity Risk ACI	9
Data Contributor List	10–11

Contact Us

The ARC Charity Indices are constructed by ARC Research (ARC), an independent research firm based in Guernsey, Jersey, London and Toronto. ARC Research is part of the ARC Group which provides research, reporting and consulting services. For more information on ARC Group's services visit our website www.assetrisk.com or our free discretionary investment manager research portal www.suggestus.com.

ARC Research Limited
7 New Street
St Peter Port
Guernsey
GY1 2PF

Tel: +44 (0) 1481 817777

Email: info@suggestus.com

What are ARC Charity Indices?

ARC Charity Indices are a set of four Sterling denominated indices compiled by ARC Research (ARC) to be used by charity trustees and their advisers in assessing the performance of a discretionary charity portfolio with a non-specialist mandate.

The ARC Charity Indices provide insight into the actual returns being generated by discretionary charity portfolios, net of fees, based on hundreds of Sterling denominated charity portfolios submitted by participating investment managers (see Data Contributors listed on pages 10–11 of this report).

There are no pre-set asset allocations; no asset class restrictions; no concentration limits; and no index performances used. Only actual charity portfolio performance numbers are included in the calculation of the ARC Charity Indices.

Why Use ARC Charity Indices?

In recent years, it has become the norm for investment managers to adopt a multi-asset class approach to charity discretionary portfolio construction. This trend has meant that the traditional approach to benchmarking has become less useful and many charities have moved towards absolute rather than relative return measures.

The shift towards cash-plus or inflation-plus benchmarking has, however, left charity trustees and their advisers in a quandary. Given the volatility of financial markets, how can the evolution of manager performance over time be assessed? The four ARC Charity Indices are designed to solve this performance measurement conundrum.

The ARC Charity Indices series allow charity portfolio performance to be compared versus a realistic and sizable peer group of charities whose portfolios have exhibited similar volatility characteristics. Reflecting the opportunity set afforded by today's sophisticated and ever changing financial market, ARC Charity Indices are a barometer for the performance of the charity investment management industry.

Four Indices

Each of the four ARC Charity Indices corresponds with one of four risk categories as set out in the table below. Risk, for these purposes, is measured as the volatility of monthly returns over time. It is recognised that charity portfolios are exposed to other types of risk—ie failure to meet income targets or failure to grow in real terms—but it is exposure to potential loss of capital that is used as the common classification system for the ARC Charity Indices.

Each underlying portfolio is placed in one of the four ARC Charity Indices risk categories based on that portfolio's return volatility relative to equity markets over the previous 36 months.

Thus, a portfolio invested 50% in equities and 50% in bonds would typically be in the Balanced Asset category.

Category	Risk Relative To UK Equity Markets	Tolerance Bands after Initial Allocation
ARC Sterling Cautious ACI	0–40%	0–50%
ARC Sterling Balanced Asset ACI	40–60%	30–70%
ARC Sterling Steady Growth ACI	60–80%	50–90%
ARC Sterling Equity Risk ACI	80–110%	70–120%

Calculation Basis

- Sterling denominated monthly index with start date of December 2003
- Each portfolio's index contribution is not weighted by size
- Data Contributor concentration limits avoid any single Data Contributor dominating the indices

For more information on the compilation methodology please see www.arccharityindices.com.

ARC Charity Indices - Dec 2023

Performance Summary



The tables below set out summary performance statistics for each of the four ARC Charity Indices. The underlying data for each index is set out on pages 6–9 of this report. The underlying data is also available in spreadsheet format for download from www.arccharityindices.com.

Current Calendar Year – Percentage Returns

Charity Index	Q1 2023	Q2 2023	Q3 2023	Q4 2023	YTD
ARC Sterling Cautious ACI	1.2	(1.1)	1.0	2.5	3.6
ARC Sterling Balanced Asset ACI	1.7	(0.4)	(0.1)	4.8	6.1
ARC Sterling Steady Growth ACI	2.2	0.1	(0.3)	5.5	7.5
ARC Sterling Equity Risk ACI	2.2	0.3	(0.3)	5.9	8.2

Discrete Calendar Years – Percentage Returns

Charity Index	2018	2019	2020	2021	2022	2023
ARC Sterling Cautious ACI	(2.5)	6.9	3.6	4.2	(8.1)	3.6
ARC Sterling Balanced Asset ACI	(4.0)	12.2	3.6	9.9	(9.4)	6.1
ARC Sterling Steady Growth ACI	(4.9)	15.6	3.5	12.3	(9.6)	7.5
ARC Sterling Equity Risk ACI	(6.0)	18.1	2.3	14.8	(10.5)	8.2

Cumulative Performance – Percentage Returns

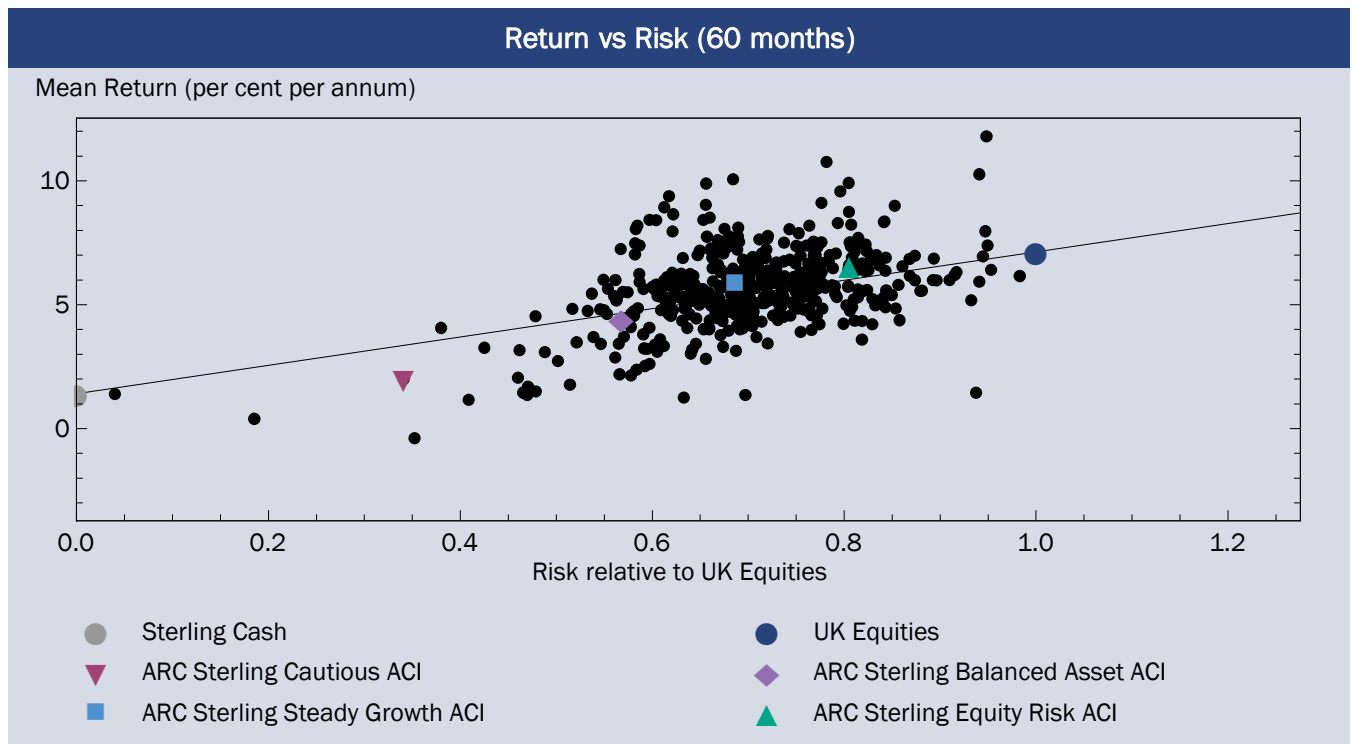
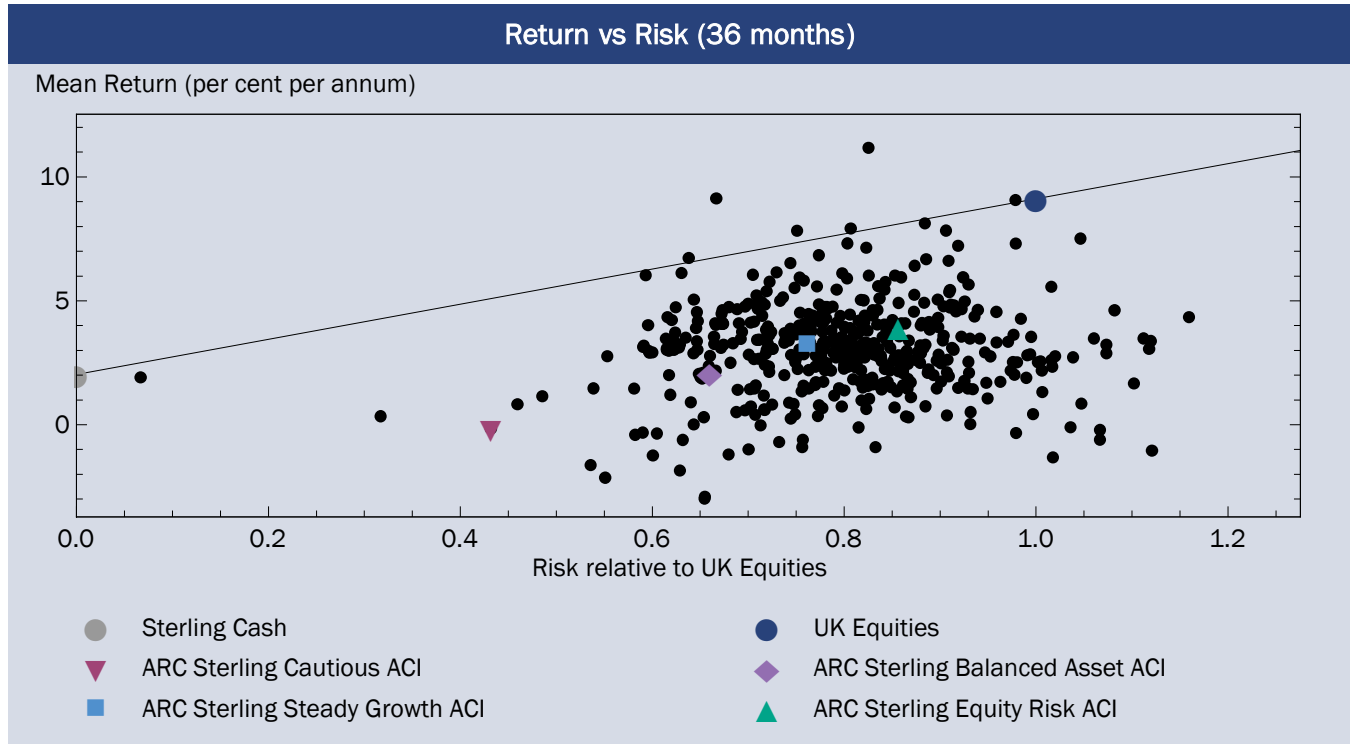
Charity Index	1 Year	2 Years	3 Years	5 Years	10 Years	Inception *
ARC Sterling Cautious ACI	3.6	(4.8)	(0.8)	9.9	23.1	103.6
ARC Sterling Balanced Asset ACI	6.1	(3.9)	5.7	22.8	48.3	171.1
ARC Sterling Steady Growth ACI	7.5	(2.8)	9.1	30.7	63.3	220.5
ARC Sterling Equity Risk ACI	8.2	(3.1)	11.2	34.4	69.9	249.2

* Inception date December 2003

Quartile Ranges – Percentage Returns

Charity Index		Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
ARC Sterling Cautious ACI	25 th Percentile	3.7	4.7	4.7	5.3	12.9	43.2
	75 th Percentile	1.1	2.6	2.6	(0.6)	5.3	24.9
ARC Sterling Balanced Asset ACI	25 th Percentile	6.0	7.4	7.4	9.4	29.1	63.5
	75 th Percentile	4.2	4.6	4.6	2.4	16.2	45.6
ARC Sterling Steady Growth ACI	25 th Percentile	6.2	8.8	8.8	11.9	35.7	72.5
	75 th Percentile	4.9	5.7	5.7	6.5	25.7	54.9
ARC Sterling Equity Risk ACI	25 th Percentile	6.8	8.8	8.8	12.7	39.8	84.8
	75 th Percentile	5.5	5.2	5.2	3.8	26.2	60.1

The Sharpe charts below show the three and five year risk-return characteristics for each of the four ARC Charity Indices, along with a representative sample of 500 underlying portfolios. Note the spread of returns for any given risk profile. This highlights the importance of selecting a discretionary manager with care and then monitoring the evolution of performance over time.



ARC Charity Indices - Dec 2023

ARC Sterling Cautious ACI

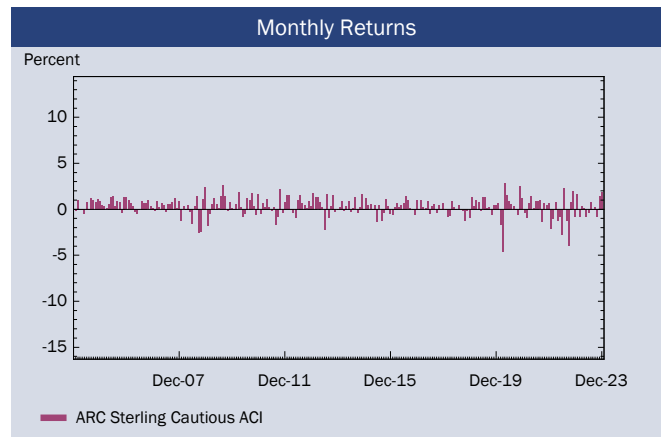
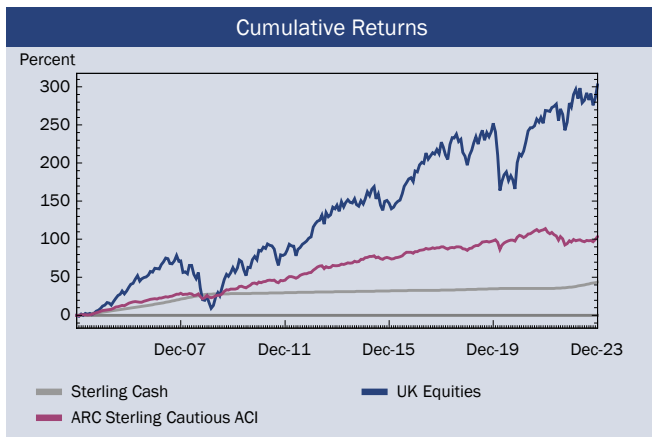


The ARC Sterling Cautious ACI is compiled by taking the performance of each portfolio submitted by the Data Contributors where the historic volatility of that portfolio has been in the range of 0-40% of that experienced by UK equity markets.

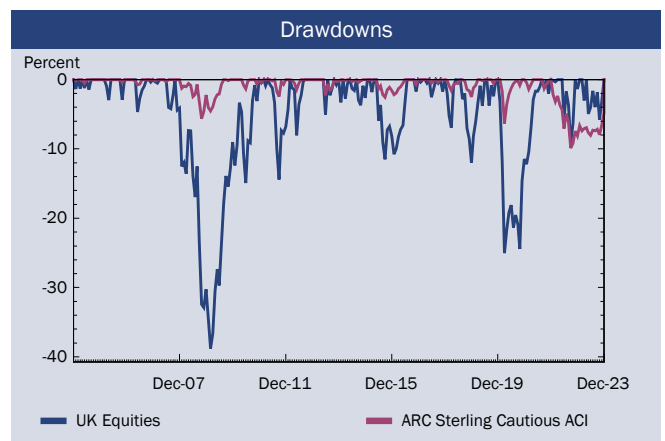
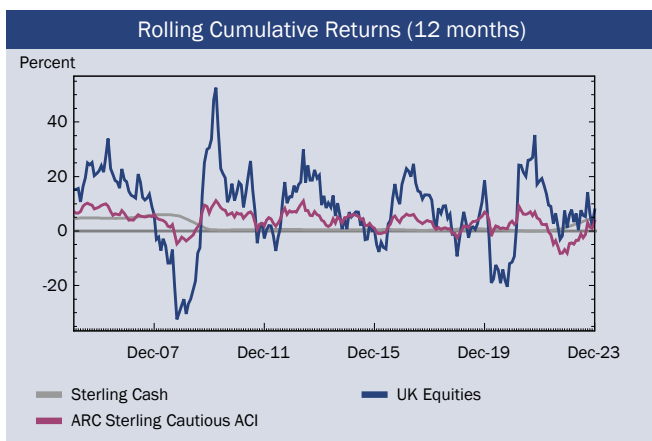
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	1.80	1.38	1.28	0.77	0.19	(2.26)	1.64	(0.87)	0.30	1.60	(0.30)	0.07	5.65
2014	0.22	0.91	(0.17)	0.36	0.89	(0.28)	0.13	1.29	(0.42)	0.25	1.61	0.02	4.88
2015	1.22	0.43	0.62	(0.08)	0.47	(1.35)	0.42	(1.23)	(0.41)	1.10	0.37	(0.46)	1.05
2016	(0.61)	0.24	0.66	0.26	0.52	0.72	1.42	0.98	0.16	(0.06)	(0.65)	1.04	4.76
2017	0.00	1.05	0.22	0.17	0.89	(0.51)	0.36	0.53	(0.39)	0.52	(0.09)	0.69	3.47
2018	(0.09)	(0.81)	(0.71)	0.87	0.25	(0.07)	0.52	0.07	(0.20)	(1.23)	(0.20)	(0.89)	(2.48)
2019	1.34	0.37	1.01	0.74	(0.15)	1.27	1.31	0.13	0.26	(0.56)	0.50	0.50	6.91
2020	0.65	(1.72)	(4.69)	2.88	1.54	0.91	0.62	0.38	0.04	(0.61)	2.53	1.22	3.59
2021	(0.44)	(0.96)	0.71	1.49	0.16	0.85	0.92	0.96	(1.32)	0.67	0.46	0.67	4.23
2022	(2.19)	(1.03)	0.83	(1.32)	(0.77)	(2.80)	2.34	(1.31)	(3.98)	0.77	1.95	(0.77)	(8.14)
2023	1.62	(0.80)	0.34	0.17	(0.82)	(0.40)	0.83	(0.10)	0.24	(0.85)	1.49	1.89	3.61

All figures shown are percentages.

The chart below left plots the cumulative performance of the ARC Sterling Cautious ACI and that of UK equities from December 2003 to date. The chart below right plots the monthly data points of the ARC Sterling Cautious ACI over the same period.



The charts below plot 12 month rolling returns on the left and drawdown history on the right for both the ARC Sterling Cautious ACI and UK equities. These charts allow trends in return and risk to be identified.



ARC Charity Indices - Dec 2023

ARC Sterling Balanced Asset ACI

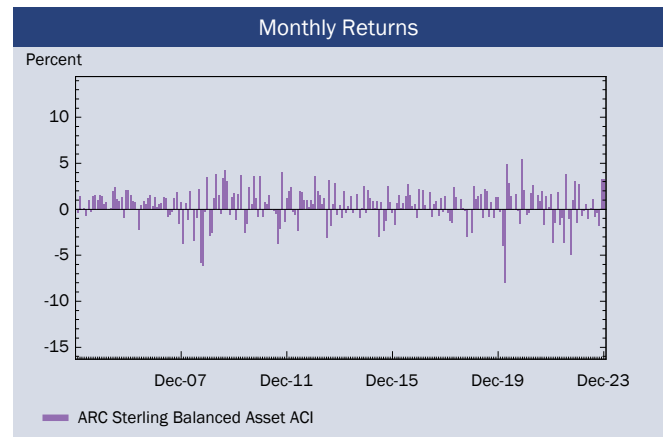
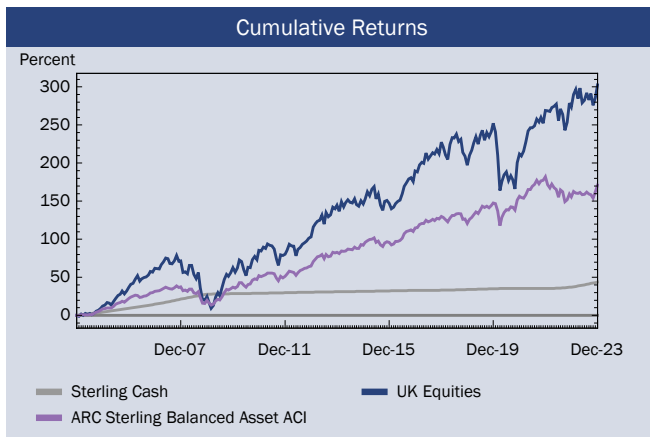


The ARC Sterling Balanced Asset ACI is compiled by taking the performance of each portfolio submitted by the Data Contributors where the historic volatility of that portfolio has been in the range of 40–60% of that experienced by UK equity markets.

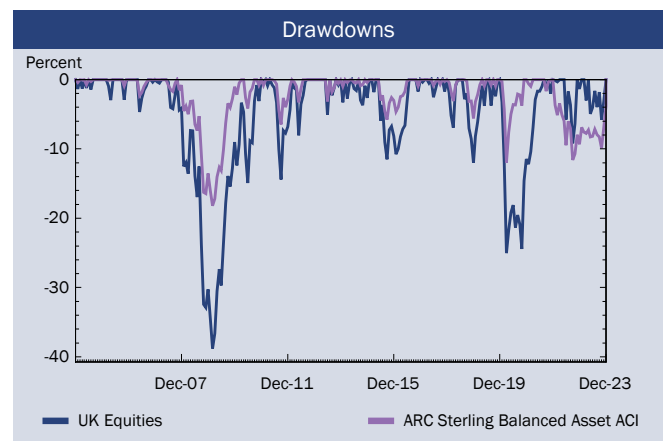
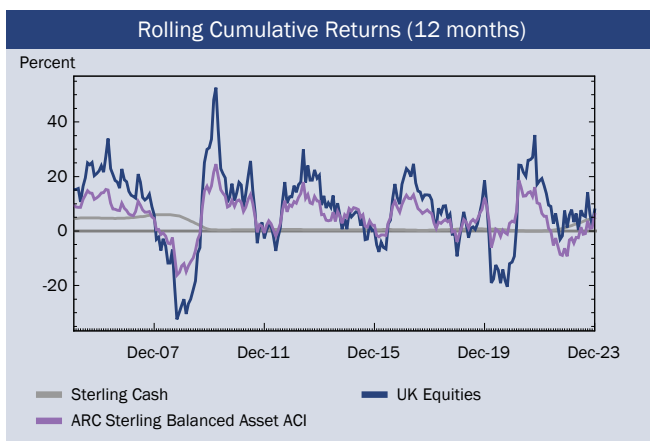
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	3.62	1.94	1.57	0.57	1.24	(3.15)	3.18	(1.74)	0.59	2.79	(0.55)	0.51	10.87
2014	(0.92)	2.01	(0.41)	0.37	1.41	(0.42)	(0.08)	1.68	(0.90)	0.14	2.53	(0.41)	5.02
2015	2.03	1.16	0.84	0.16	0.92	(3.02)	0.77	(2.35)	(1.29)	2.54	0.82	(0.39)	2.06
2016	(1.69)	0.67	1.61	0.13	0.64	1.48	2.77	1.56	0.32	0.60	(0.93)	2.23	9.70
2017	0.05	2.04	0.52	0.06	1.86	(0.87)	0.56	0.88	(0.73)	1.25	(0.29)	1.44	6.94
2018	(0.42)	(1.29)	(1.44)	2.41	1.38	(0.07)	1.07	0.11	(0.20)	(2.97)	0.07	(2.57)	(3.99)
2019	2.53	1.08	1.44	1.63	(0.92)	2.20	1.96	(0.78)	0.77	(0.93)	1.36	1.31	12.19
2020	(0.29)	(3.99)	(8.06)	4.93	2.86	1.49	(0.07)	1.62	(0.15)	(1.56)	5.49	2.05	3.59
2021	(0.59)	(0.41)	1.79	2.66	0.00	1.58	0.94	2.00	(1.69)	1.40	0.24	1.69	9.94
2022	(3.72)	(1.48)	1.83	(1.70)	(0.96)	(3.71)	3.80	(1.05)	(4.95)	1.01	3.09	(1.51)	(9.35)
2023	2.71	(0.76)	(0.20)	0.54	(1.08)	0.10	1.10	(0.84)	(0.36)	(1.77)	3.34	3.26	6.05

All figures shown are percentages.

The chart below left plots the cumulative performance of the ARC Sterling Balanced Asset ACI and that of UK equities from December 2003 to date. The chart below right plots the monthly data points of the ARC Sterling Balanced Asset ACI over the same period.



The charts below plot 12 month rolling returns on the left and drawdown history on the right for both the ARC Sterling Balanced Asset ACI and UK equities. These charts allow trends in return and risk to be identified.



ARC Charity Indices - Dec 2023

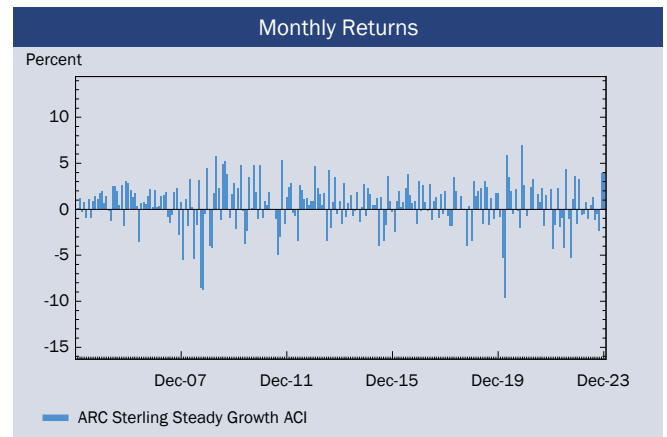
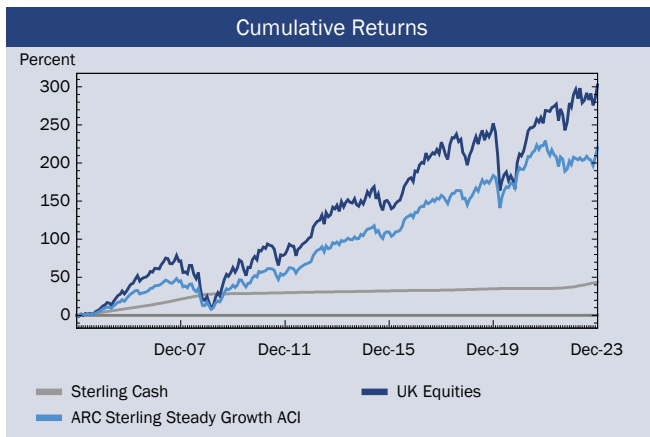
ARC Sterling Steady Growth ACI

The ARC Sterling Steady Growth ACI is compiled by taking the performance of each portfolio submitted by the Data Contributors where the historic volatility of that portfolio has been in the range of 60–80% of that experienced by UK equity markets.

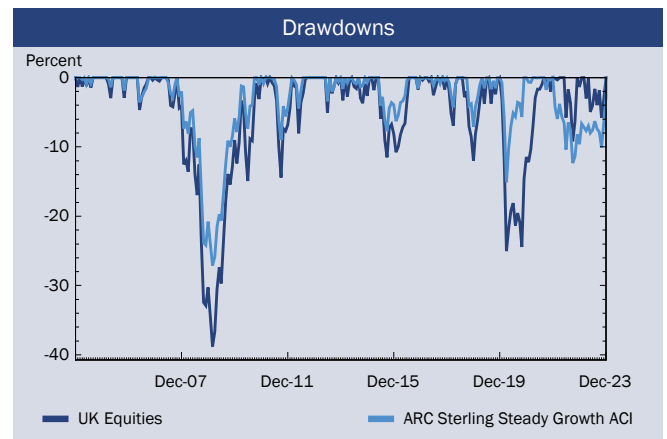
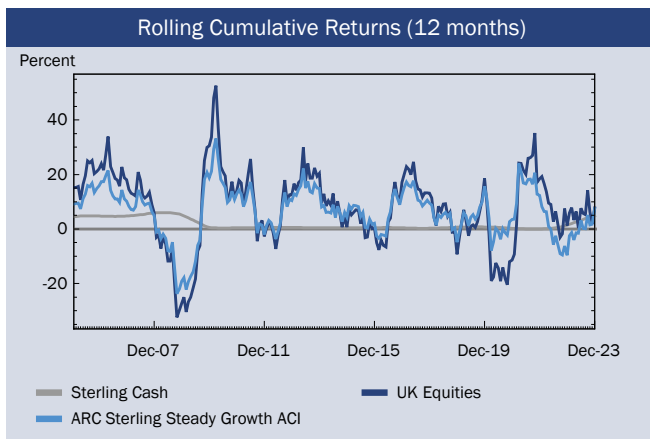
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	4.65	2.32	1.65	0.48	1.81	(3.43)	4.28	(2.07)	0.76	3.52	(0.55)	0.92	14.94
2014	(1.62)	2.88	(0.78)	0.63	1.51	(0.70)	(0.21)	1.82	(1.37)	0.22	2.74	(0.70)	4.38
2015	2.28	1.68	0.48	0.52	1.19	(4.03)	1.29	(3.46)	(1.68)	3.60	0.85	(0.34)	2.12
2016	(2.48)	0.90	1.95	0.25	0.76	2.28	3.85	1.56	0.73	0.86	(1.58)	3.01	12.59
2017	(0.15)	2.61	0.84	(0.16)	2.77	(1.12)	0.86	1.27	(0.89)	1.66	(0.46)	1.93	9.44
2018	(0.71)	(1.81)	(1.86)	3.51	1.94	(0.01)	1.47	(0.06)	(0.03)	(3.99)	0.31	(3.46)	(4.85)
2019	3.09	1.42	1.93	2.36	(1.56)	3.10	2.39	(1.68)	1.25	(1.07)	1.81	1.76	15.64
2020	(0.78)	(5.30)	(9.66)	5.88	3.50	1.98	(0.54)	2.20	(0.18)	(2.00)	7.00	2.59	3.54
2021	(0.68)	(0.03)	2.40	3.32	(0.04)	1.71	0.81	2.37	(1.76)	1.54	0.01	2.13	12.30
2022	(4.30)	(1.73)	2.31	(1.93)	(0.95)	(4.15)	4.37	(1.06)	(5.24)	1.06	3.65	(1.58)	(9.61)
2023	3.29	(0.56)	(0.53)	0.74	(1.08)	0.46	1.40	(1.19)	(0.50)	(2.39)	3.94	3.95	7.51

All figures shown are percentages.

The chart below left plots the cumulative performance of the ARC Sterling Steady Growth ACI and that of UK equities from December 2003 to date. The chart below right plots the monthly data points of the ARC Sterling Steady Growth ACI over the same period.



The charts below plot 12 month rolling returns on the left and drawdown history on the right for both the ARC Sterling Steady Growth ACI and UK equities. These charts allow trends in return and risk to be identified.



ARC Charity Indices - Dec 2023

ARC Sterling Equity Risk ACI

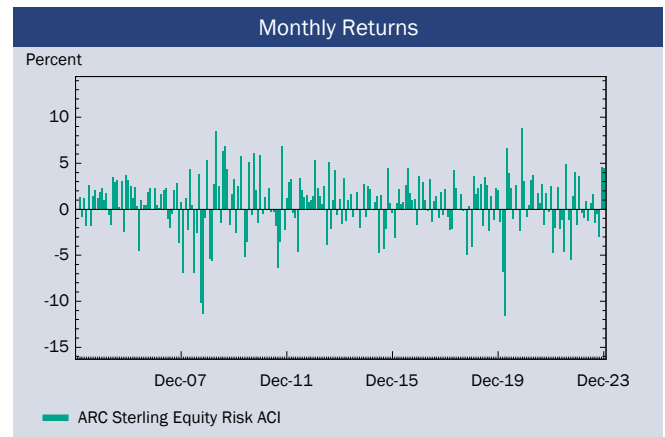
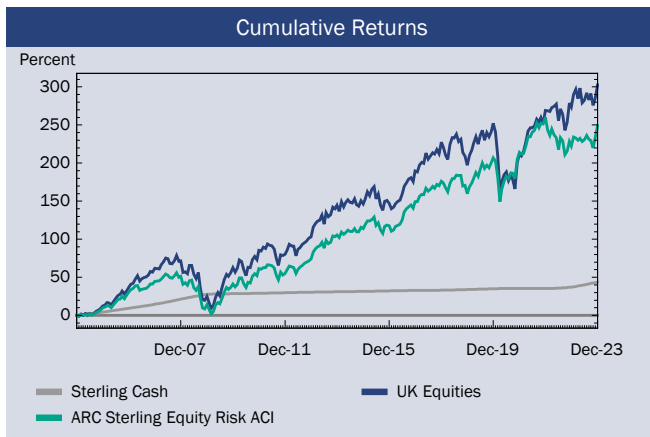


The ARC Sterling Equity Risk ACI is compiled by taking the performance of each portfolio submitted by the Data Contributors where the historic volatility of that portfolio has been in the range of 80–110% of that experienced by UK equity markets.

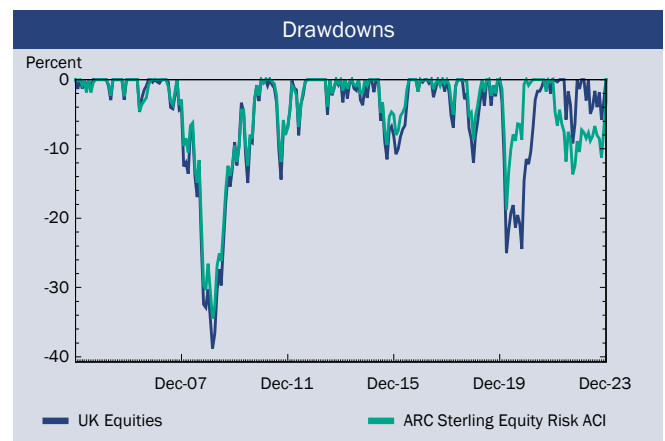
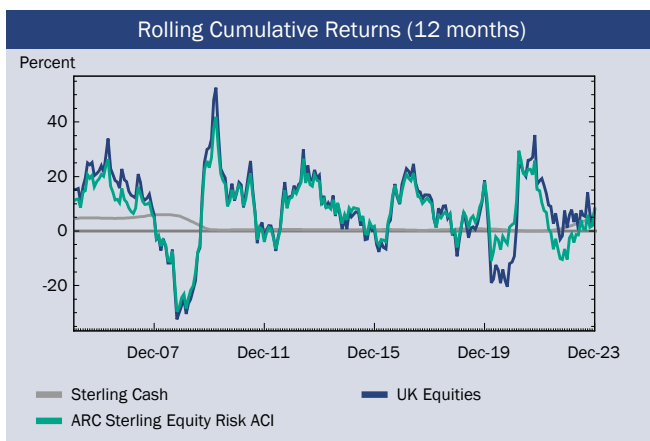
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	5.33	2.27	1.45	0.59	2.53	(3.88)	5.16	(2.10)	1.03	4.30	(0.59)	1.10	18.13
2014	(1.60)	3.44	(1.30)	1.02	1.62	(0.81)	(0.08)	1.92	(1.99)	0.06	2.76	(0.86)	4.07
2015	2.48	2.21	0.03	0.78	1.45	(4.78)	1.56	(4.28)	(2.15)	4.50	0.73	(0.40)	1.71
2016	(3.10)	0.71	2.22	0.59	0.81	2.61	4.45	1.74	1.00	1.11	(1.73)	3.57	14.63
2017	(0.13)	2.91	1.04	(0.22)	3.28	(1.39)	0.93	1.40	(0.91)	1.90	(0.62)	2.22	10.78
2018	(0.80)	(2.24)	(2.13)	4.24	2.30	0.01	1.67	(0.19)	0.05	(4.94)	0.37	(4.12)	(5.99)
2019	3.59	1.71	2.27	2.79	(1.83)	3.53	2.62	(2.33)	1.46	(1.16)	2.24	2.09	18.11
2020	(1.37)	(6.85)	(11.60)	6.71	3.90	2.28	(1.01)	2.67	(0.11)	(2.33)	8.78	3.01	2.33
2021	(0.82)	0.44	3.16	3.76	(0.01)	1.76	0.70	2.70	(1.71)	1.78	(0.29)	2.56	14.77
2022	(4.72)	(2.05)	2.47	(2.18)	(1.17)	(4.63)	4.89	(1.17)	(5.56)	1.44	4.04	(1.73)	(10.47)
2023	3.60	(0.42)	(0.90)	0.85	(1.24)	0.69	1.64	(1.46)	(0.50)	(3.00)	4.57	4.44	8.23

All figures shown are percentages.

The chart below left plots the cumulative performance of the ARC Sterling Equity Risk ACI and that of UK equities from December 2003 to date. The chart below right plots the monthly data points of the ARC Sterling Equity Risk ACI over the same period.



The charts below plot 12 month rolling returns on the left and drawdown history on the right for both the ARC Sterling Equity Risk ACI and UK equities. These charts allow trends in return and risk to be identified.



The Data Contributors listed below all provided data to the ARC Charity Index universe in Q4 2023.

Company	Contact	E-Mail	Telephone
Atomos Investments Limited	Eleanor Ingilby	Eleanor.Ingilby@atomos.co.uk	020 7280 8747
Barclays, Wealth & Investment Management	Simon di Marino	simon.dimarino@barclays.com	020 3134 0806
Brooks Macdonald	Gary Stirrup	Gary.Stirrup@brooksmacdonald.com	020 7927 4891
Brown Shipley	Halina Kogut	halina.kogut@brownshipley.co.uk	020 7606 9833
Canaccord Genuity Wealth Management	Thomas Becket	thomas.becket@canaccord.com	020 7523 4684
Cantab Asset Management Ltd	David Saunderson	david.saunderson@cantabam.com	01223 52 2000
Castlefield Investment Partners LLP	John Alexander	john.alexander@castlefield.com	07887 583204
Cazenove Capital	Jeremy Barker	Jeremy.Barker@cazenovecapital.com	020 7658 1107
CCLA Investment Management Limited	Sharika Sharma	Sharika.Sharma@ccla.co.uk	020 7489 6102
Central Finance Board of the Methodist Church	Sarah Bourgein	Sarah.Bourgein@cfbmethodistchurch.org.uk	020 7496 3646
Charles Stanley & Co Limited	Glenn Baker	Glenn.Baker@charles-stanley.co.uk	020 7149 6379
Close Brothers Asset Management Ltd	Robert Alster	robert.alster@closebrothers.com	020 7426 4157
Coutts & Co	Robert Hughes	rob.hughes@coutts.com	020 7672 6043
Epworth Investment Management Ltd	Sarah Bourgein	Sarah.Bourgein@cfbmethodistchurch.org.uk	020 7496 3646
Evelyn Partners LLP	Craig Wright	craig.wright@evelyn.com	0203 818 6887
GAM	Arun Shetty	arun.shetty@gam.com	020 7393 8883
Handelsbanken Wealth & Asset Management	Hugh Tottenham	hugh.tottenham@handelsbanken.co.uk	020 7045 1331
Harris Allday	Richard Killingbeck	richard.killingbeck@efgha.com	020 7412 3848
HSBC Private Bank	Daniel Beel	daniel.beel@hsbcpb.com	020 7860 3184
Investec	Mark OConnor	mark.oconnor@investec.com	020 7597 1309
James Hambro & Partners LLP	Christopher Macklin	cmacklin@jameshambro.com	020 3817 3401

ARC Charity Indices - Dec 2023 Data Contributors (continued)

Company	Contact	E-Mail	Telephone
LGT Wealth Management UK LLP	Dexter Baum	dexter.baum@lgt.com	020 3943 8597
Quilter Cheviot Investment Management	Adrian Tonks	adrian.tonks@quiltercheviot.com	020 7662 6270
Rathbone Investment Management	Melanie Wotherspoon	melanie.wotherspoon@rathbones.com	020 7399 0000
RBC Brewin Dolphin	Julian McCormack	Julian.McCormack@brewin.co.uk	0203 201 3728
Redmayne Bentley	Anita Evans	anita.evans@redmayne.co.uk	01689 882129
Rothschild & Co Wealth Management	Dean Lush	dean.lush@rothschildandco.com	020 7280 5000
Royal London Asset Management	Royal London	bdsupport@rlam.co.uk	020 7506 6754
Sarasin & Partners LLP	John Handford	John.Handford@sarasin.co.uk	020 7038 7268
Seven Investment Management	Geoff Warrington	Geoff.Warrington@7im.co.uk	020 3823 8782
Stonehage Fleming	Guy Hudson	guy.hudson@stonehagefleming.com	020 7087 0183
Thomas Miller Investment	Henry Hunt	henry.hunt@thomasmiller.com	020 7204 2751
UBS Wealth Management (UK)	Tom Dupernex	tom.dupernex@ubs.com	020 7568 7738
Veritas Investment Partners (UK) Ltd	Ross Ciesla	RCiesla@veritasinvestment.co.uk	020 3740 8353
Waverton Investment Management	Isobel Fraser	ifraser@waverton.co.uk	020 7484 7485