

How the CASH & CAUTIOUS Bond PORTFOLIO

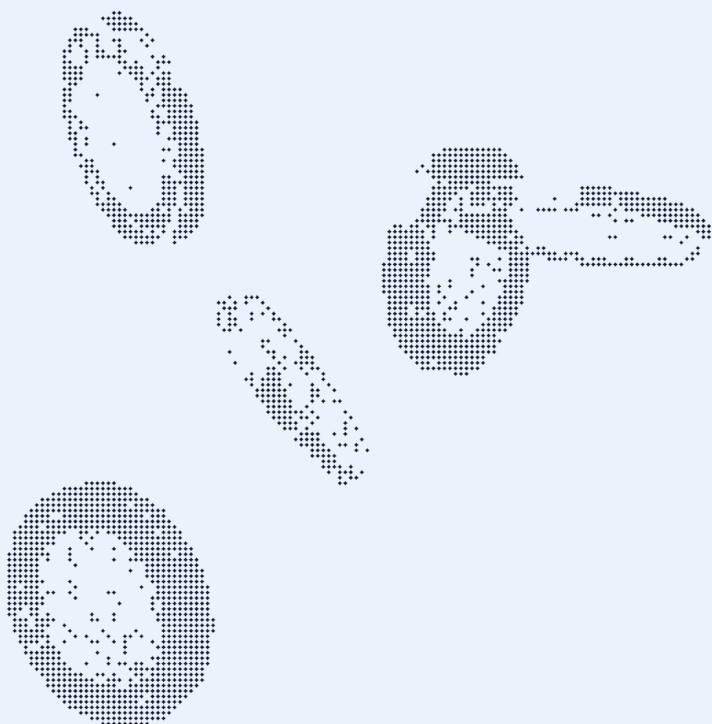
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SUPPORT
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PLANNING
needs

When interest rates start to ease but uncertainty still lingers, it's natural to want to keep your options open. You may be thinking about moving beyond holding everything in cash, particularly for balances with a particular purpose – such as meeting short-term commitments, supporting transitional planning, or keeping capital accessible while awaiting deployment.

It's important, however, to be mindful of risk. That's where near-cash, low-volatility approaches can offer a steadier alternative.



What's driving interest in near-cash solutions?

Demand for Evelyn Partners' Cash & Cautious Bond Portfolio has increased as more individuals, charities and businesses look for places to hold balances in liquid, low-risk and well-diversified securities.

The portfolio is part of our active discretionary portfolio management service and invests in a bespoke mix of high-quality, short-dated bonds and other cash-adjacent securities. These assets remain readily accessible and aim to offer transparency and consistency, without taking on broader market risk, such as investing your cash in the stock market. But remember that all investing carries risks and you may not get back all your money if markets fall.

The strategy is designed with one clear aim: to perform well over time, while staying close to cash in terms of volatility and liquidity. When rates soften, you may be re-examining the cost of remaining in cash and looking for options that can balance income needs, liquidity and capital preservation in a more considered way. The growing popularity of the Cash & Cautious Bond Portfolio reflects this shift, particularly when it comes to capital earmarked for short-term plans.

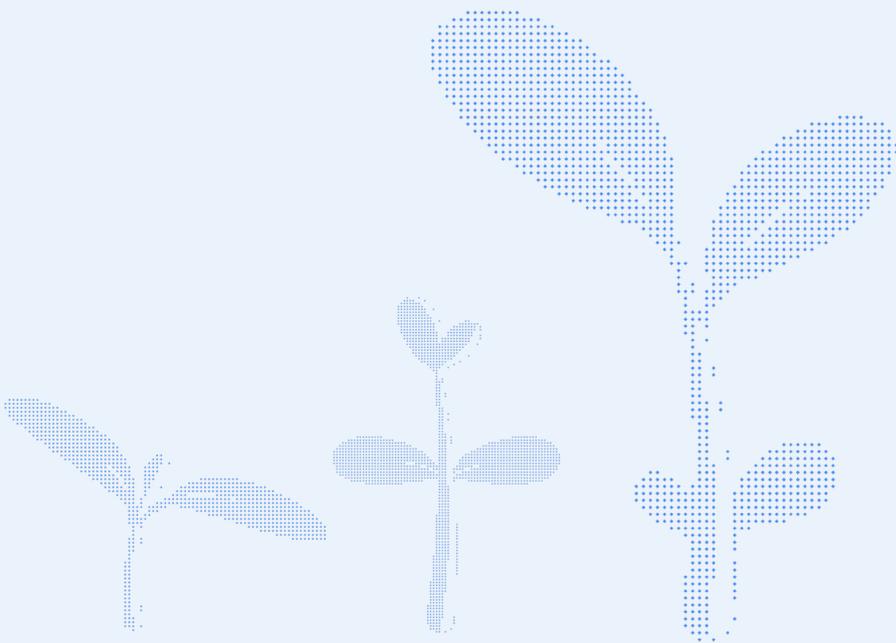
Why consider near-cash investments

Holding substantial cash can feel reassuring, especially during volatile periods. But easing interest rates, the impact of inflation, and the risk of cash drag mean that your long-term cash holdings may not always keep pace with your goals.

At the same time, stepping too far up the risk spectrum may not align with your planning horizon.

A cautious, income-aware bond allocation provides an intermediate path. It enables you to keep risk in focus without moving prematurely into higher-risk investments, while maintaining access to your capital. This type of allocation can support liquidity planning, provide structure around short-term goals, and help keep funds working while you consider your next steps.

The blend of instruments within the portfolio is managed actively, allowing us to adjust positioning as conditions evolve. For clients seeking low volatility, modest income and a well-diversified alternative to holding everything in cash, it offers a practical planning tool at a time when clarity matters.



It's also important to highlight risk: as with all investing (and unlike bank accounts) the value of your investment can fall, and you may not get back the amount you put in.

How the portfolio stays cautious

The Cash & Cautious Bond Portfolio is designed as a home for cautious capital. Its construction focuses on:

- **Quality first:** short-dated bonds and cash-adjacent securities from high-quality issuers
- **Liquidity:** the ability to access funds without unnecessary friction
- **Diversification:** a broad mix to help maintain stability
- **Tax efficiency:** portfolios can be structured using UK gilts and other qualifying investments that may be exempt from capital gains tax for individuals and charities, helping mitigate tax liability. Returns from UK Government bonds are generally subject to income tax on gilt coupons, rather than capital gains tax on capital returns. This structure may significantly reduce the overall tax burden in certain scenarios. Some products within the portfolio may have tax consequences if redeemed early. Tax treatment depends on individual circumstances and is subject to change.
- **Transparency and cost:** This service is subject to a 0.1% annual management charge plus VAT and a 0.1% custody fee, totalling 0.22% (subject to minimum fees). VAT does not apply to the custody fee. There are no account initiation charges or withdrawal fees. For clients of financial advisers, the annual management fee is 0.16%, including VAT. This consists of a 10-basis-point (bps) custody fee and a five-bps investment management fee. Only the investment management fee is subject to VAT

Using the portfolio within a broader financial plan

If you have more complex needs, holding substantial balances in a tax-efficient structure can be just as important as managing volatility. Incorporating near-cash investments into your wider plans can help align liquidity with upcoming objectives, such as planned withdrawals, future commitments or capital awaiting deployment as part of a phased-investment strategy.

By combining accessibility, prudence and structure, the portfolio provides a considered option for managing short-term capital in a way that supports your broader financial plan.

Next steps

If you're exploring how a near-cash approach could complement your overall strategy, we can help you assess whether this portfolio is suitable for your goals, tax position and planning needs. To discuss the Cash & Cautious Bond Portfolio, or any other aspect of your situation, speak to your usual Evelyn Partners contact or **book an appointment**.