

March 2024

Marketing material for eligible charities only.

Investment objective

The SUTL Cazenove Charity Sustainable Multi-Asset Fund aims to provide income and capital growth in line with the Consumer Price Index + 4% per annum (net of fees) over rolling ten-year periods by investing in equities, bonds and alternative assets worldwide. The distribution share class has a total return target distribution of 4% per annum, paid quarterly. The objective and distribution target cannot be guaranteed and your capital is at risk.

Fund characteristics

The SUTL Cazenove Charity Sustainable Multi-Asset Fund benefits from Schroders global expertise and is designed for charities of all sizes who want to align their investments with their charitable mission and invest for a better future. Our intention is for the Fund to have a positive impact on people and the planet by avoiding harm through ESG integration and exclusions, benefiting stakeholders through responsible business activities and contributing to solutions through influence and investing for impact.

Performance data

Total returns	3 months	1 year	3 years (p.a.)	5 years (p.a.)	Inception (p.a.)
Sustainable Multi-Asset Fund	4.0%	9.9%	5.5%	7.2%	6.1%

Inflation + 4%	1.6%	7.4%	11.0%	8.6%	8.2%
----------------	------	------	-------	------	------

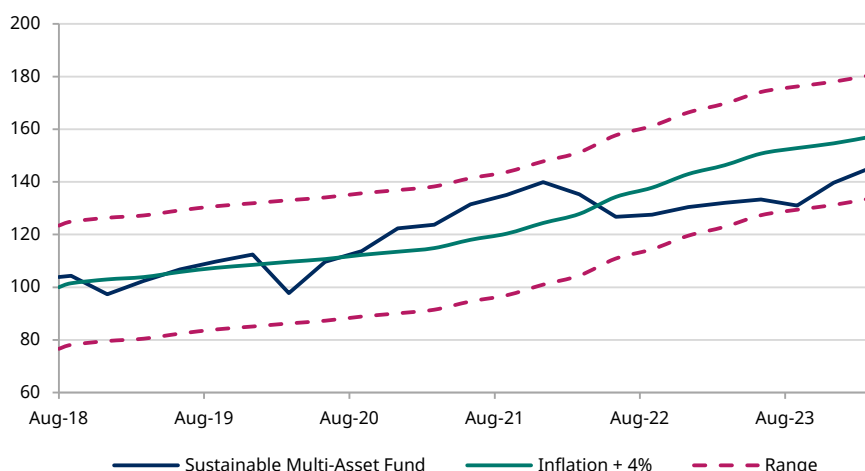
Total returns	Mar 2023 - Mar 2024	Mar 2022 - Mar 2023	Mar 2021 - Mar 2022	Mar 2020 - Mar 2021	Mar 2019 - Mar 2020
Sustainable Multi-Asset Fund	9.9%	-2.4%	9.4%	26.5%	-4.5%

Inflation + 4%	7.4%	14.5%	11.3%	4.7%	5.6%
----------------	------	-------	-------	------	------

Past performance is not a guide to future performance.

Source: Datastream/Lipper, bid to bid, in GBP, net income reinvested at 31 March 2024. Z Share Class, 0.60% p.a.

Inflation to 31 March 2024. Inception date 1 August 2018.



Fund team



Kate
Rogers



Tom
Montagu-Pollock



Emilie
Shaw



Matt
Best

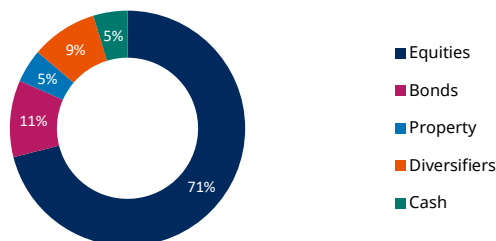
Key information

Fund size	£1,793m
Fund manager	Tom Montagu-Pollock
Units available	Distribution & Accumulation
Valuation and dealing	Daily 12:00
Minimum investment	£10,000
Target distribution	4%
Distribution dates	31st Aug, 30th Nov, 28th Feb, 31st May
Ongoing charges figure	0.81%
SEDOL number	BF78432 BF78421

Sustainable investment policy

- **Integrate** environmental, social and governance factors within the selection process across all assets
- **Influence** companies, through engagement and voting, to encourage businesses to make progress towards the sustainable development goals
- **Contribute** to solutions to environmental and social need, through an allocation to impact investments
- **Support the Paris Agreement** on Climate Change by reducing the total portfolio emissions and advancing the energy transition through investment
- **Collaborate** with other charity investors to identify areas of mutual concern

Asset mix



The above asset allocation is based on holdings as at 31 March 2024.

Active positions



Shows asset allocation against the fund's long term strategy, with positive active positions reflecting a favourable view on the asset class and vice versa.

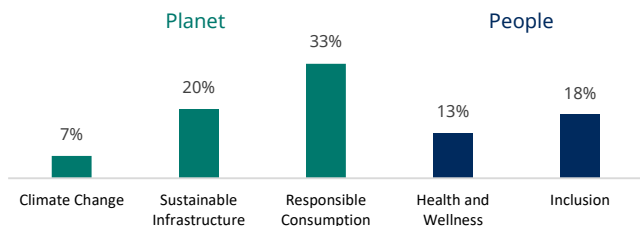
Responsible Investment Activities

- 511** Engagements with 410 companies (excluding those engaged as part of the CDPs Non-Disclosure Campaign) over Q4
- 1,133** Company meetings voted, 98% of all resolutions voted
- 41** Sustainability-related shareholder resolutions, voted with management on 32%

Sustainability Dashboard

Sustainable Development Goals

Equities Alignment

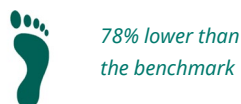


Source: MSCI SDG alignment based on products and services from the equity portfolio, grouped under 5 key themes.

Portfolio equities vs MSCI AC World

Planet

Carbon Emissions



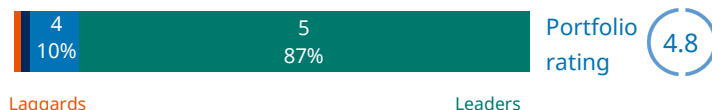
People

Social Dividend



Carbon emissions includes an aggregate of the annual scope 1 & 2 carbon emissions attributed to the companies, based on £1m invested in the multi-asset strategy. Social dividend is measured using SustainEx which calculates the contribution of the companies expressed as a percentage of sales. For example, a score of +2% means that the portfolio adds \$2 of benefits for society for every \$100 of sales.

Fund manager sustainability ratings



Laggards

Leaders

Source: Cazenove Capital. The sustainability ratings are from 1 to 5 (1 being the worst and 5 the best) and are derived from the 2022 results of our proprietary annual ESG firm-level questionnaire.

* See SustainEx™ disclaimer on last page

Portfolio commentary

Global stock markets registered strong gains amid a resilient US economy and ongoing enthusiasm around Artificial Intelligence. Expectations of interest rate cuts also boosted shares although the pace of cuts is likely to be slower than the market had hoped for at the turn of the year.

Regionally, Japan was the best performing market over the quarter, with the Nikkei index reclaiming its 1989 peak. This was fuelled by increasing optimism over Japan's positive economic cycle, characterised by mild inflation and wage growth, as well as action taken by the Bank of Japan. In the US, the S&P500 also reached an all-time high, benefiting from impressive corporate earnings. The "Magnificent Seven" companies posted earnings growth of 56% over the fourth quarter of 2023.

While European equities were also positive, they continued to lag the US and Japan. UK stocks were impacted by the market's value bias and the underperformance of the UK economy. Emerging market equities continued to underperform their developed market counterparts, with China's performance weighing on returns despite some targeted stimulus measures.

Against that backdrop, the fund generated a return of +4.0% for the quarter, taking the return for the twelve months to +9.9%.

Within the portfolio, the top performer was the HSBC Sustainable Healthcare Fund, which returned +14.8%. Our core equity allocation was up 6.9%, helped by the exposure to Japan as well as strong performance from semiconductor names such as **ASML (+29.0%)** and **Taiwan Semiconductor (+32.5%)**. **Arm Holdings (+66.8%)**, which we purchased at IPO last September, enjoyed a stellar quarter as investors started to price the company as an AI play, rather than the smartphone markets in which it had previously operated.

Whilst it was a positive quarter for equities, for fixed income investors it was a more challenging period. Initial expectations of quick interest rate cuts by central banks were scaled back as the quarter progressed. The European Central Bank, the Bank of England, and the Federal Reserve all proceeded cautiously, avoiding premature declarations of victory over inflation. This led to an upward adjustment in government bond yields, meaning their prices fell. Bond selection in the portfolio was generally positive, with high yield being the standout performer thanks to its lower sensitivity to rising yields.

Our allocation to alternatives was mixed over the quarter. Commodities were positive, with gold amongst the top performers. We maintain exposure to commodities, especially gold, which offers protection in the event of an inflation shock. Gold also stands to benefit from central bank purchases and the downturn in China's property market, as consumers seek to invest their savings in other asset classes. However, recent performance has been strong, and we are wary of increasing our allocation any further. Rising bond yields have been a headwind for the income-generating alternative investment trusts. The renewable energy sector also faced headwinds from falling power prices, and there were specific issues in the battery storage subsector, partly because of issues with a new software system in the National Grid. In contrast, listed private equity performed relatively well, particularly those with exposure to technology.

Our overall equity exposure remains in line with our long-term asset allocation targets, balancing a peak in rates with expensive valuations. We remain overweight fixed income, with a focus on shorter-dated bonds that have less interest rate risk. With inflation stabilising and yields still at attractive levels, fixed income continues to offer a compelling opportunity. However, we are mindful that bond market volatility could return if progress against inflation stalls and central banks postpone interest rate cuts. We still see appeal in alternatives and have benefited from this year's rally in gold, though we have been trimming our exposure to take advantage of opportunities in equities and fixed income.

As part of the provision of ongoing investment advice, we are evolving the strategy of the fund adjusting to shifts in the economic and market environment. We recognise that the global economy is now in a phase of considerable transformation. As we navigate through these significant shifts, we have identified three key trends - deglobalisation, decarbonisation, and demographics, collectively referred to as the "3D Reset". These trends are shaping the global economy and influencing our investment strategy.

You can find further information [here](#)

Engagement Themes

Using our influence to create change



Investment Themes

Allocating capital to solutions

Climate Change

Biodiversity and Natural Resource Constraints

Human Capital Management

Human Rights

Inclusion and Diversity

Governance and Oversight

Engagement: Climate change
A path to Net Zero:

As part of our commitment to achieve net zero by 2050, we have been engaging with Fund managers on their own transition plans¹.

We expect the funds we invest through to be aligned to a net zero scenario by 2040 and have an interim target that all equity and credit funds should have stated a commitment to achieve net zero by 2030.

We have communicated our expectations with all fund managers held in the strategy. Upon initial review, only 3 strategies had an existing explicit net zero target at the strategy-level. However, following our engagement, we are delighted that a further 6 are now progressing a strategy level net zero commitment, of which we have been informed some have been directly influenced to do so by our engagement.

Investment

We are thrilled to have launched our fourth annual sustainability and impact report. As detailed in the report, the collective investments have reached an estimated 128,925 people through the provision of vital services such as healthcare, education, affordable housing and financial inclusion. As well as having avoided an estimated 263,340 tonnes of carbon being released into the atmosphere through the provision of clean energy and water treatment, which is the equivalent carbon absorbed by 4.3 million trees over 10 years.

Read the full report [here](#)

Impact data source in part from Net Purpose. Please see impact report for further details on how this data is calculated.

Climate Change

Health and Wellbeing

Sustainable Infrastructure

Responsible Consumption

Inclusion

*** SustainEx™ disclaimer**

SustainEx™ provides an estimate of the net 'impact' that an issuer may create in terms of social and environmental 'costs' or 'benefits'. It does this by using certain metrics with respect to that issuer, and quantifying them positively (for example by paying 'fair wages') and negatively (for example the carbon an issuer emits) to produce an aggregate notional measure of the relevant underlying issuer's social and environmental 'costs', 'externalities' or 'impacts'. SustainEx™ utilises and is reliant on third party data (including third party estimates) as well as Schroders' own modelling assumptions, and the outcome may differ from other sustainability tools and measures. Where SustainEx™ relies on data and estimates produced by third parties, Schroders seeks to ensure that such data and estimates are accurate, but Schroders cannot and does not warrant the accuracy, completeness and adequacy of such third party data and estimates. Like any model, SustainEx™ will evolve and develop over time as Schroders continues to assess, refine and add to the metrics and their relative contributions. Generating SustainEx™ scores involves an element of judgment and subjectivity across the different metrics chosen by Schroders, and accordingly Schroders does not accept any liability arising from any inaccuracy or omission in, or the use of or reliance on, SustainEx™ scores. As the model evolves, changes made to how metrics are applied may result in changes to the SustainEx™ score of any issuer and ultimately the overall fund/portfolio score. At the same time, of course, the issuer's SustainEx™ performance might improve or deteriorate.

Schroders' proprietary sustainability tools including SustainEx™ may not cover all of a fund/portfolio's holdings from time to time, in which case Schroders may use a range of alternative methods to assess the relevant holding. In addition, certain types of assets (such as cash and certain equivalent securities) are treated as neutral and are therefore not considered by our proprietary tools. Other types of assets such as equity indices and index derivatives may not be considered by our proprietary tools and in such case would be excluded from a product's sustainability score.

Risk considerations

A rise in interest rates generally causes bond prices to fall, while a decline in the financial health of an issuer could cause the value of its bonds to fall or become worthless. A failure of a deposit institution or an issuer of a money market instrument could create losses. Equity prices fluctuate based on many factors including general, economic, industry or company news. The fund can be exposed to different currencies – foreign exchange rates could create losses. Underlying funds may use derivatives for leverage, which makes it more sensitive to certain market interest rate movements and may cause above-average volatility and risk of loss. A derivative may not perform as expected, and may create losses greater than the cost of the derivative. The counterparty to a derivative or other contractual agreement or synthetic product could become unable to honour its commitments to the fund, potentially creating a partial or total loss for the fund. In difficult market conditions, an underlying fund may not be able to sell a security for full value or at all and could cause the fund to defer or suspend redemptions of its shares. Emerging markets, generally carry greater political, legal, counterparty and operational risk. Failures at service providers could lead to disruptions of fund operations or losses.

MSCI usage information:

Although Schroders and its affiliates information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. Please note that onward use of the data contained within this document is subject to applicable MSCI licensing requirements. Please note that if you wish to disclose this data for your own purposes, you will need to agree an appropriate licence with MSCI.

Sustainable investing risk:

Sustainable investing risk: The fund has environmental and/or social characteristics. This means it may have limited exposure to some companies, industries or sectors and may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the investment manager. The fund may invest in companies that do not reflect the beliefs and values of any particular investor.

For further information, please contact:

Jeremy Barker, Portfolio Director,
020 7658 1107 or jeremy.barker@cazenovecapital.com

The Fund deducts costs and expenses incurred by the Board, Trustee and Manager in carrying out their duties to the property of the Fund in addition to the Trustee and Manager annual fees and as a result the growth in the capital sum will be constrained.

Issued by Cazenove Capital which is a trading name of Schroder & Co. Limited. Registered Office at 1 London Wall Place, London EC2Y 5AU. Registered number 2280926 England. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.