Cazenove Capital

Part of the Schroders Group

Charity Equity Income Fund

31 December 2023

Marketing material for eligibile charities only.

Investment objective and policy

The SUTL Cazenove Charity Equity Income Fund aims to provide a portfolio yield in excess of the FTSE All-Share Index, through investing predominately in UK equities. The income provision will be the primary objective. The Fund's secondary target is to provide capital growth in order that its total return exceeds that of the FTSE All-Share Index over rolling five-year periods.

Subject to cash being reasonably held for redemptions and expenses, it is the intention of the Fund to remain fully invested except where market conditions necessitate the use of a defensive investment strategy which involves the holding of cash or near cash.

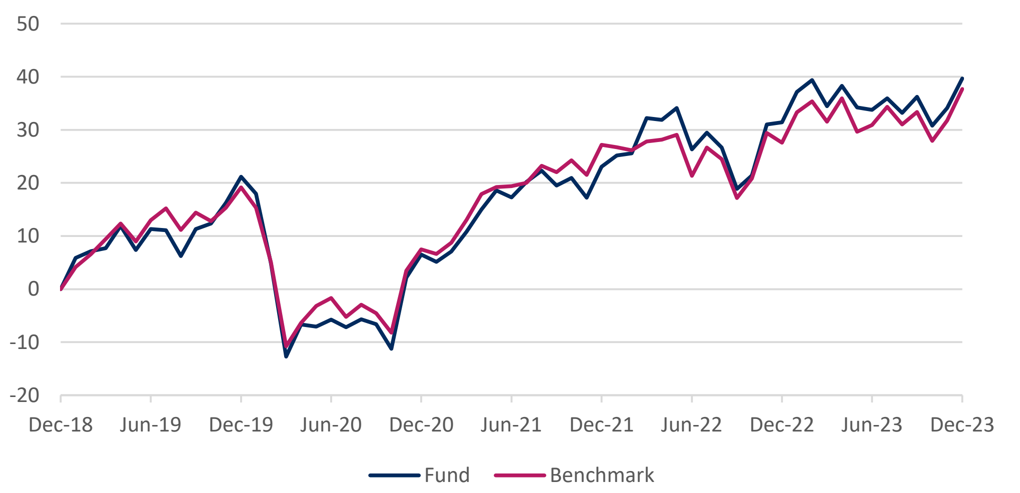
*On 8 June 2018 the fund converted to a Charity Authorised Investment Fund (CAIF) structure, the performance shown below has been obtained predominantly under the old Common Investment Fund (CIF) structure. The objective and strategy remain the same. However, the revised Ongoing Charges (OCF) no longer include VAT.

Performance analysis

Performance (%)	1 month	3 months	6 months	YTD	1 year	3 years	5 years	10 years
Fund	**4.2**	**2.5**	**4.4**	**6.3**	**6.3**	**31.2**	**39.7**	**57.7**
Benchmark	4.5	3.2	5.2	7.9	7.9	28.1	37.7	68.2

Discrete yearly performance (%)	Dec 2022 - Dec 2023	Dec 2021 - Dec 2022	Dec 2020 - Dec 2021	Dec 2019 - Dec 2020	Dec 2018 - Dec 2019
Fund	**6.3**	**6.8**	**15.5**	**-12.1**	**21.2**
Benchmark	7.9	0.3	18.3	-9.8	19.2

Performance over 5 years (%)



The return received may rise or fall as a result of currency fluctuations.

Past performance is not a reliable indicator of future results, prices of shares and the income from them may fall as well as rise and investors may not get back the amount originally invested. There is no guarantee that the objective will be met.

Some performance differences between the Fund and the benchmark may arise because the Fund performance is calculated at a different valuation point from the benchmark.

Source: Schroders, mid price with net income reinvested, net of the ongoing charges and portfolio costs and, where applicable, performance fees.

Sue Noffke
Fund Manager

Matt Bennison
Fund Manager

Technical information

Strategy launch date*	02 December 2002
Total fund size (£)	30.1 million
Total number of holdings	42
Unit price end of month (£)	90.96 GBX
Benchmark	FTSE All-Share Total Return
Fund manager	Sue Noffke Matt Bennison
Ex Distribution Dates	31 Mar, 30 Jun, 30 Sep, 31 Dec
Payment dates	28 Feb, 31 May, 31 Aug, 30 Nov
Latest payment	1.22p
Distribution yield	4.7%
Ethical restriction	No tobacco manufacturers

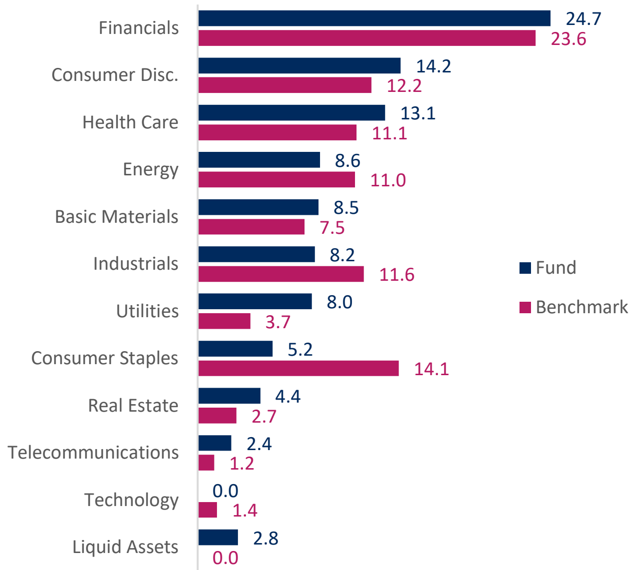
Purchase information

SEDOL	Acc: BF784F4 Inc: BF784G5
Bloomberg	Acc: SUTCEIA LN Inc: SUTCEAI LN
ISIN	Acc: GB00BF784F45 Inc: GB00BF784G51
Fund base currency	GBP
Dealing frequency	Daily (12:00 GMT)
Ongoing charges (OCF)	0.52%
Minimum investment amount	£10,000

Holdings analysis

Top 10 Holdings	Sector	% NAV
Shell PLC	Energy	7.0
AstraZeneca PLC	Health Care	6.6
HSBC Holdings PLC	Financials	4.4
GSK PLC	Health Care	4.2
National Grid PLC	Utilities	3.6
Glencore PLC	Basic Materials	3.6
Unilever PLC	Consumer Staples	3.2
Legal & General Group PLC	Financials	3.1
Pets at Home Group Plc	Consumer Disc.	2.8
Hollywood Bowl Group PLC	Consumer Disc.	2.6
Total		**41.0**

Asset allocation (%)



Liquid Assets contain cash, deposits and money market instruments with maturities of up to 397 days, which are respectively not part of the core investment objective and policy. The commitment linked to the equity index futures contracts, if present, is deducted from cash. Source: Schroders

For further information please contact
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Risk considerations

The following risks may affect fund performance. Currency risk: The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses. Derivatives risk: A derivative may not perform as expected, and may create losses greater than the cost of the derivative. Equity risk: Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares. Operational risk: Failures at service providers could lead to disruptions of fund operations or losses.

Performance and portfolio activity

Performance was behind the benchmark during the quarter. Many of the detractors were impacted by weaker data from China. Luxury goods **Burberry**, together with its peers, reported slowing sales growth after an initial strong recovery from the pandemic. Asian focused **Standard Chartered** wrote down some of its Chinese property exposure, though we believe the outlook for financial returns remain sound. **Anglo American's** latest production update dampened the near term outlook and drove weakness in the share price. No exposure to Rolls Royce, which performed strongly was also detrimental. On the positive side, ten pin bowling operator **Hollywood Bowl** continued its strong run as its affordable leisure proposition resonated well. Private equity manager **Intermediate Capital Group** also performed strongly. The company's trading was re-assuring particularly in its debt funds.

We initiated a new position in **Diageo**. It has underperformed over the past three years as the market rotated away from the pandemic winners. The shares are now at their lowest earnings multiple since 2015. We believe Diageo is a company where the risk/reward has become more favourable. Another new position is property business **British Land**, which should benefit as interest rates fall later in 2024. The shares have performed poorly and are at a material discount to net asset value. The company has a well invested portfolio in diverse high quality business segments. A third new position is global automotive distributor **Inchcape** which trades at a particularly attractive valuation and offers a dividend yield of over 4%. We also added on share price weakness to some of our existing holdings that have underperformed and where we retain conviction. Examples include **Pets at Home**. We exited our longstanding holding in **Tesco**, the UK's largest food retailer. The shares had performed strongly as a beneficiary of Covid, the inflationary environment and sector consolidation having previously undergone a successful operational turnaround under a new management team. We also exited payment solutions provider **Paypoint** in favour of better opportunities elsewhere. Finally, we made reductions where portfolio holdings have performed strongly and the risk reward became less favourable, such as **3i** and **Whitbread**.

The outlook for dividends became more challenging over the course of 2023, driven mainly by a significant reduction in special dividends from the mining sector this year. As the disruption to dividend patterns caused by the pandemic has faded and the mining sector (which favours special dividends) has adjusted to lower commodity prices, we have been expecting these unpredictable one-off distributions to revert to more normal levels. Despite these headwinds to dividends, returns to shareholders are being bolstered at the moment by material share buybacks.