

Charity Equity Income Fund

30 June 2024

Marketing material for eligible 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.

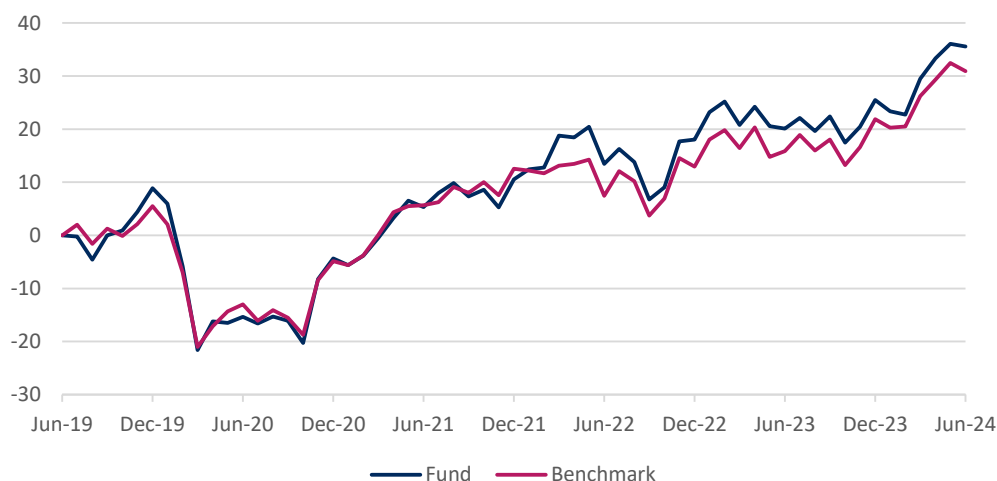
*On 8 June 2018 the fund converted to a Charity Authorised Investment Fund (CAIF) structure, the performance shown below has been obtained predominantly under the old Common Investment Fund (CIF) structure. The objective and strategy remain the same. However, the revised Ongoing Charges (OCF) no longer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

Performance analysis

Performance (%)	1 month	3 months	6 months	YTD	1 year	3 years	5 years	10 years
Fund	-0.4	4.7	8.1	8.1	12.9	28.7	35.6	69.6
Benchmark	-1.2	3.7	7.4	7.4	13.0	23.9	30.9	77.8

Discrete yearly performance (%)	Jun 2023 - Jun 2024	Jun 2022 - Jun 2023	Jun 2021 - Jun 2022	Jun 2020 - Jun 2021	Jun 2019 - Jun 2020
Fund	12.9	5.9	7.7	24.5	-15.4
Benchmark	13.0	7.9	1.6	21.5	-13.0

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.

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Sue Noffke
Fund Manager



Matt Bennison
Fund Manager



Technical information

Strategy launch date*	02 December 2002
Total fund size (£)	27.7 million
Total number of holdings	43
Unit price end of month (£)	96.64 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	0.93p
Distribution yield	4.4%
Ethical restriction	No tobacco manufacturers

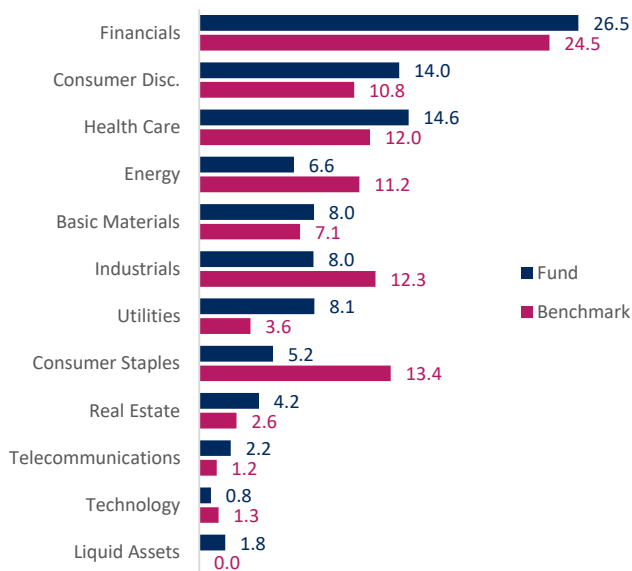
Purchase information

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
AstraZeneca PLC	Health Care	6.9
Shell PLC	Energy	6.6
HSBC Holdings PLC	Financials	4.8
GSK PLC	Health Care	4.5
QinetiQ Group PLC	Industrials	3.7
Unilever PLC	Consumer Staples	3.6
National Grid PLC	Utilities	3.6
3i Group PLC	Financials	3.3
Glencore PLC	Basic Materials	3.1
Intermediate Capital Group PLC	Financials	2.9
Total		42.9

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

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

Defence services business **QinetiQ** contributed positively after reorientating its capital allocation policy towards organic growth opportunities, and away from acquisitions. **BT Group** performed well as the new CEO used the company's results presentation to offer clarity on future strategy with robust cash flow targets a notable element, as did Financial services consultant **XPS Pensions** after a strong set of results in which the company displayed continued strong growth, improved margins and a 19% increase in the full year dividend. There was bid activity in the basic materials sector as BHP Group made an offer for **Anglo American**.

On the negative side, **Convatec** was weak after a strong period of performance in the prior six months. **Johnson Matthey** which as the world's largest refiner of platinum group metals (PGMs) has been impacted by short term weakness in PGM prices. **GSK** lagged, with the potential Zantac litigation again a focus for the market. This has overshadowed positive developments within their current portfolio. Our holding in luxury goods group **Burberry** was also negative. The company's strategy of investing to improve the business has been hampered by the slowdown in the luxury sector as well as fashion risk given a change of creative director in 2023.

We sold our small position in **Diageo** as it has become clearer that the spirits industry faces greater headwinds than we had originally expected to near term growth from destocking. We also exited oil major **BP** as we felt there were higher conviction investment opportunities elsewhere. We invested this capital in new positions in housebuilder **Taylor Wimpey**. Recent data suggests that the property market is stabilising ahead of expected interest rate cuts from the Bank of England. Valuations of housebuilding stocks are low and a Labour government offers prospects of an easing in planning and more support for first time buyers which should support volumes. Another new holding is technology infrastructure business **Computacenter**. Increasing complexity of technology requirements of businesses driven by new advances in areas such as AI makes the services of companies such as Computacenter increasingly valuable to corporates. At pharmaceutical **GSK** we took advantage of a sharp fall in the share price after a development in legal proceedings regarding their Zantac product. We also participated in **National Grid** rights issue to fund an ambitious investment plan to improve the UK's power infrastructure to support the transition to low carbon energy. We took advantage of a placing of part of Pfizer's holding in the stock to initiate a position in consumer healthcare business **Haleon** at a discount to its share price.

Dividend growth for the next year is expected to be subdued due to a growing preference by companies to reallocate capital to share repurchases from dividends.

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