Cazenove Capital

Charity Equity Value Fund

30 September 2024

Marketing material for eligibile charities only.

Investment objective and policy

The SUTL Charity Equity Value Fund aims to provide participating charities with a total return (income and capital growth) in excess of the FTSE All-Share Index over five year rolling periods. In order to achieve this objective, the Fund may invest in securities anywhere in the world, although investment will be predominantly in good quality UK equities.

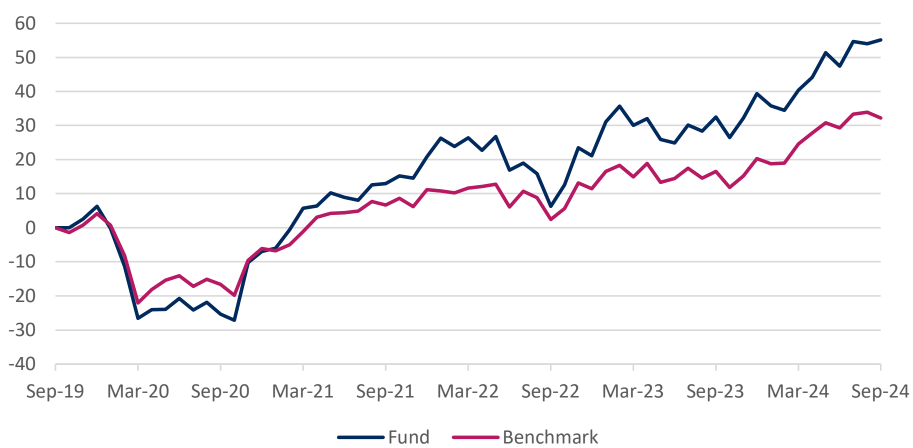
*On 8 June 2018 the fund converted to a Charity Authorised Investment Fund (CAIF) structure, the performance shown below has been obtained predominantly under the old Common Investment Fund (CIF) structure. The objective and strategy remain the same. However, the revised Ongoing Charges (OCF) no longer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

Performance analysis

Performance (%)	1 month	3 months	6 months	YTD	1 year	3 years	5 years	10 years
Fund	**0.7**	**5.2**	**10.5**	**11.3**	**17.1**	**37.3**	**55.2**	**114.3**
Benchmark	-1.3	2.3	6.1	9.9	13.4	23.9	32.2	83.6

Discrete yearly performance (%)	Sep 2023 - Sep 2024	Sep 2022 - Sep 2023	Sep 2021 - Sep 2022	Sep 2020 - Sep 2021	Sep 2019 - Sep 2020
Fund	**17.1**	**24.6**	**-5.9**	**51.3**	**-25.3**
Benchmark	13.4	13.8	-4.0	27.9	-16.6

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.

Managed by the Value team

Technical information

Strategy launch date*	03 March 1992
Total fund size (£)	120 million
Total number of holdings	44
Unit price end of month (£)	505.00 GBX
Benchmark	FTSE All-Share Total Return
Fund team	The Value team
Ex Distribution Dates	31 Mar, 30 Jun, 30 Sep, 31 Dec
Payment dates	28 Feb, 31 May, 31 Aug, 30 Nov
Latest payment	5.30p
Distribution yield	4.0%
Ethical restriction	No tobacco manufacturers

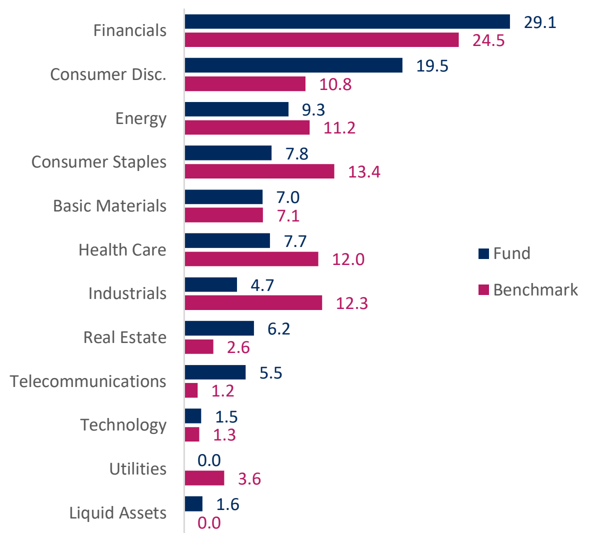
Purchase information

SEDOL	Acc: BF78465 Inc: BF78476
Bloomberg	Acc: SUCCEVA LN Inc: SUCCEAI LN
ISIN	Acc: GB00BF784651 Inc: GB00BF784768
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
HSBC Holdings PLC	Financials	4.0
Barclays PLC	Financials	3.5
NatWest Group PLC	Financials	3.3
BP PLC	Energy	3.3
Shell PLC	Energy	3.2
J Sainsbury PLC	Consumer Staples	3.2
British Land Co PLC/The	Real Estate	3.2
Aviva PLC	Financials	3.2
Tesco PLC	Consumer Staples	3.1
ITV PLC	Consumer Disc.	3.0
Total		**33.0**

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

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

The Fund outperformed the benchmark for the quarter. Company wise, **St James's Place** performed well. At the half-year results, the company announced a six-year plan to cut costs and improve services, which focused on restructuring its fee system, expanding its investment product range, and improving services for ultra-wealthy clients; the shares jumping 25% in a single day. St James Place remains a very cheap business, but investors will need to be patent as its rehabilitation will take time.

Kingfisher's shares have performed well (in the face of tough trading). There are many moving parts in the business, but essentially it is made up of a low growth market leader in DIY in the UK, the faster growing Screwfix & Tradepoint businesses in the UK, the potential for turning around an underperforming French business, and a decent Polish business, and some loss-making businesses in other geographies. The shares have re-rated and while they are still attractive in a UK context, we have taken profits and trimmed the position. Building trade supplier Travis Perkins shares rebounded too.

Marks and Spencer was among the largest contributors to positive returns. Operationally, M&S is already achieving its long-term margin targets of 10% in Clothing & Home and 4% in Food. Its balance sheet has improved and the dividend is likely to continue increasing. There are not many UK businesses that are operating in the positive flywheel of recovery as much as M&S, yet the shares remain undervalued.

Our positions in supermarkets have done well over the past few years. Tesco has re-focused on its core food offering, taking market share again in the UK market and seen margins recover significantly, from 2% at the trough to greater than 4% today. They have successfully sold off non-core businesses, most recently Tesco Bank, and have used the cash to pay down debt and return cash to shareholders through buybacks. This has been rewarded, the shares are up more than 50% from the start of 2023. Tesco at set to enter a period of super-normal cash returns due to the bank disposal (£700mn bank proceed + £1bn additional in share buybacks). In addition **J Sainsbury** reported decent quarterly trading, and the shares responded accordingly.

Detractors, **Burberry** shares hit a 14-year low after the company announced a profit warning and cancelled its dividend. The CEO of Burberry Group was replaced amidst the company's struggles in the luxury sector, particularly in China.

Intel performed poorly. The investment case for intel has changed significantly. At purchase, we believed we were buying a high-quality, highly cash generative, high dividend paying stock at a discounted price and Intel isn't that today. While we believe Intel can recover, the risks have increased, and it now relies on the turnaround bearing fruit. It had become a small position in portfolios, so we were faced with the decision to double-down or sell. We made the difficult decision to sell the position.

We sold out of electricals retailer **Currys**. The shares have performed very well this. We continued to build the position in low-cost airline **easyJet** and sold US tech giant **Intel** (see performance section for details).

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