Cazenove Capital

Part of the Schroders Group

Charity Multi-Asset Fund

31st March 2018

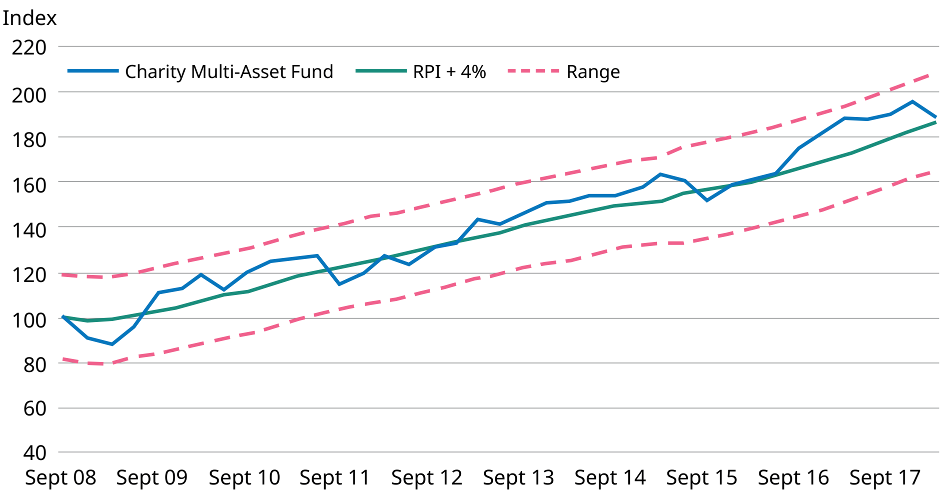
Investment objective

The Charity Multi-Asset Fund aims to at least maintain the real value of capital whilst generating a sustainable and reliable distribution through investment in collective investment schemes as well as directly held transferable securities, derivatives, cash, deposits and money market instruments.

Fund characteristics

The Charity Multi-Asset Fund allows all sizes of charity access to our multi-asset investment expertise. The Fund uses sophisticated analysis aiming to maximise risk adjusted returns and reduce the reliance on equity markets. Over the long term we would expect the Fund to deliver a total return in excess of RPI plus 4%. The Fund is expected to generate equity like returns with reduced volatility and is based on the Cazenove Charities Unconstrained Strategy.

Long term performance



Fund team

Kate Rogers **Tom Montagu-Pollock** **Nathalie Krekis**

Key information

Fund size	£570.4 million
Fund manager	Tom Montagu-Pollock
Units available	Distribution & Accumulation
Valuation and dealing	Daily 4 pm
Minimum investment	£1,000
Target yield	4% (smoothed over the previous 3 years)
Distribution dates	31st Aug, 30th Nov, 28th Feb, 31st May
Annual management charge	0.65%
Launch date	29th June 2007
SEDOL Number	B1XK8W1 (Distribution Units) B1XK8S7 (Accumulation Units)

Performance data

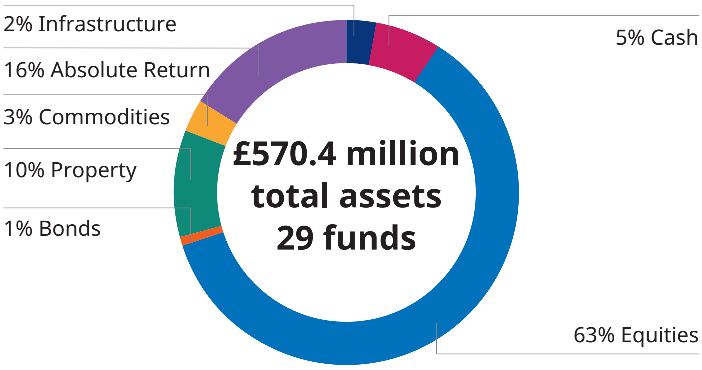
	5 years to 31 Mar 2018 (p.a.)	3 years to 31 Mar 2018 (p.a.)	1 Apr 2017 to 31 Mar 2018	1 Apr 2016 to 31 Mar 2017	1 Apr 2015 to 31 Mar 2016	1 Apr 2014 to 31 Mar 2015	1 Apr 2013 to 31 Mar 2014
Charity Multi-Asset Fund	+5.7%	+4.9%	+0.8%	+17.4%	-2.4%	+7.6%	+6.1%
RPI plus 4%	+6.4%	+6.8%	+7.7%	+7.3%	+5.6%	+4.9%	+6.5%

Past performance is not a guide to future performance. The value of an investment and the income from it may go down as well as up and investors may not get back the amount originally invested.

Exchange rates may cause the value of overseas investments and the income from them to rise or fall. Investment in emerging markets and alternative asset classes (private equity and hedge funds) involves a high degree of risk of loss as the investments are less liquid and more volatile. Investment in private equity can be highly speculative, whilst hedge funds may be highly leveraged and as a result small changes in the price of contracts may result in unquantifiable losses.

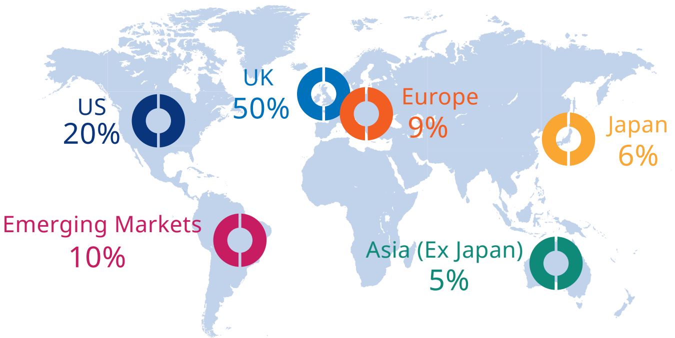
Source: Datastream, Lipper, bid-to-bid, in GBP, net income reinvested. Performance for periods greater than one year has been annualised. RPI +4% has been used as a comparator and the long term-target return. The long-term performance chart shows total return, net of fees from 30th September 2008 to 31st March 2018, RPI to 28th February 2018. A Share class, 0.65% per annum. The start date of 30th September 2008 represents the earliest point in the Fund's history at which the UK equity market, as the Fund's largest component, was at 'fair value' (as measured by long-term UK non-financials historic trend P/E). The upper and lower bounds represent two standard deviations from the central return expectation.

Asset mix



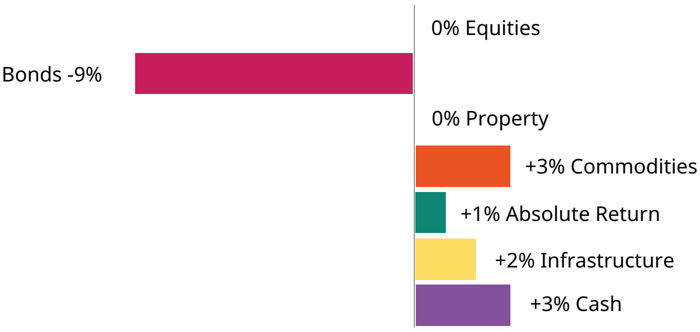
The above asset allocation is based on holdings as at 31st March 2018.

Equity exposure by region



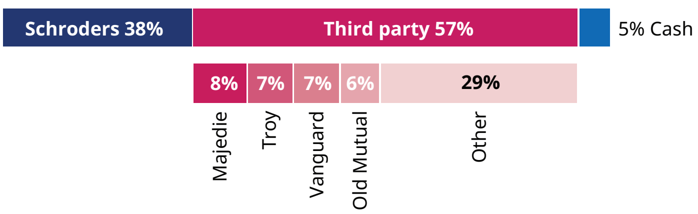
Percentages shown by listing. Map for illustrative purposes only.

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.

Fund providers



Portfolio commentary

Despite the recent equity market falls; over the last five years the Charity Multi-Asset Fund has delivered returns of 6% per annum.

The change in direction for equity markets in 2018 has resulted in the UK equity market falling 7% since the beginning of the year. Though the threat of trade wars is one reason for the soggy performance of equities so far this year, rising US and UK yields are also a factor as equity valuations appear less compelling relative to other assets. In this environment the Fund fell 3%, with our diversified strategy protecting against the worst of the equity market falls over the quarter.

We have been expecting the return of volatility and our exposure to alternative assets such as property and emerging market debt have acted as ballast. We have been adding to absolute return funds, Pyrford and Henderson UK Absolute Return, to ensure we have sufficient exposure to lower risk assets in more volatile conditions.

Our cyclical indicators still point to a benign global economic environment, likely to continue for some time. We believe that an increase in inflation poses the greatest threat to economic growth. It is 9 years since the post-financial crisis lows in equity markets and we are now in a mature 'bull' market where valuations are more stretched and chasing returns would be foolhardy. We are therefore focused on finding value and avoiding overbought stocks; whilst remaining diversified. This allows us to remain invested which is important whilst cash rates are so low.

Currently we are sticking with our positions in equities, which should be supported by robust earnings, solid economic growth and moderate inflation. Within equities, we have added to Japan and Emerging Markets and maintain a bias to value stocks as they have lagged the rest of the market and exhibit lower sensitivity to interest rates. Despite the pick up in yields, bonds remain vulnerable to inflation and we continue to be underweight. Alternative investments are important diversifiers in portfolios; to provide a different source of returns in more volatile market conditions. We continue to keep a close eye on the cyclical indicators that would trigger a change in our asset allocation strategy.

For further information, please contact
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cazenovecharities.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.