Charity Multi-Asset Fund

September 2021

Marketing material for eligible charities only.

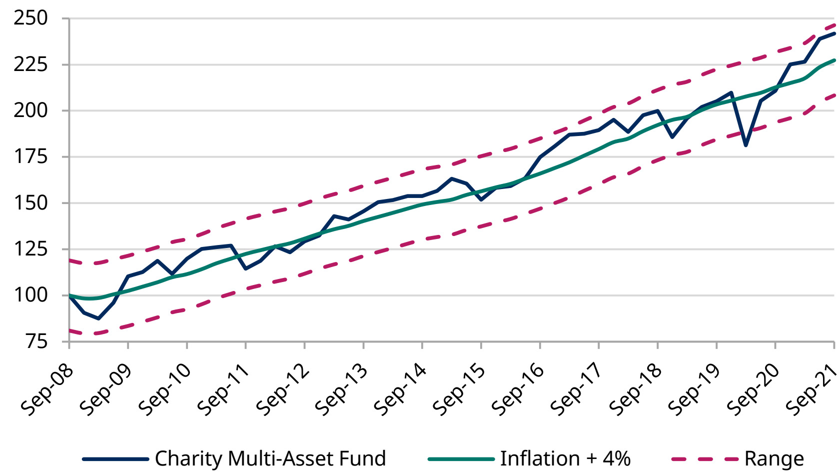
Investment objective

The SUTL Cazenove Charity Multi-Asset Fund aims to provide income and capital growth in excess of the Consumer Price Index + 4% per annum (net of fees) over rolling ten-year periods by investing in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide. This cannot be guaranteed and your capital is at risk.

Fund characteristics

The SUTL Cazenove Charity Multi-Asset Fund allows all sizes of charity access to our multi-asset approach. The Fund seeks to generate sustainable returns over the long-term by blending a diversified range of assets, managers and strategies. Over the long-term the Fund aims to deliver a total return of CPI +4%. The distribution share class has a total return target distribution of 4% per annum, paid quarterly. The Fund is also forecast to demonstrate reduced volatility compared with equity markets and is based on the Cazenove Charities Unconstrained Strategy.

Long term performance



Range: Upper and lower boundaries represent two standard deviations of the strategy from the central return expectation (Inflation +4%).

Source: Datastream/Lipper, in GBP, net income reinvested, 30 September 2008 to 30 September 2021. Net of fees. A Share Class, 0.65% p.a. until the 15th June 2018, 0.5% p.a. thereafter. Inflation data to 31 August 2021. RPI to 30 June 2018, CPI thereafter.

Fund team

Kate Rogers

Tom Montagu-Pollock

Key information

Fund size	£657m
Fund manager	Tom Montagu-Pollock
Units available	Distribution & Accumulation
Valuation and dealing	Daily 12:00
Minimum investment	£10,000
Target distribution	4% (smoothed over the previous 3 years)
Distribution dates	31st Aug, 30th Nov, 28th Feb, 31st May
Ongoing charges figure	0.84%
SEDOL number	BF783Y6 BF783Z7

On 15 June 2018 the fund converted to a Charity Authorised Investment Fund (CAIF) structure, the performance shown has been obtained predominantly under the old Common Investment Fund (CIF) structure. The objective and strategy remain the same. Please see the revised Ongoing Charges Figure (OCF) fee excluding VAT.

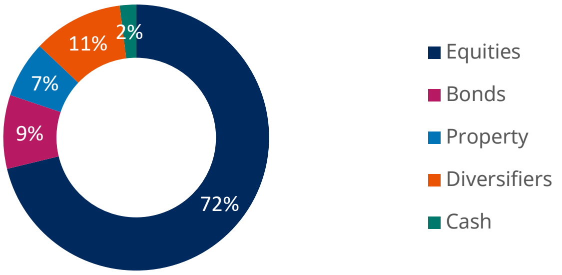
Total returns	10 years (p.a.)	7 years (p.a.)	5 years (p.a.)	3 years (p.a.)	Sep 2020 - Sep 2021	Sep 2019 - Sep 2020	Sep 2018 - Sep 2019	Sep 2017 - Sep 2018	Sep 2016 - Sep 2017
Charity Multi-Asset Fund	**7.8%**	**6.7%**	**6.7%**	**6.6%**	**14.7%**	**2.7%**	**2.7%**	**5.5%**	**8.3%**
Inflation + 4%	6.4%	6.2%	6.5%	5.7%	6.9%	4.6%	5.8%	7.3%	8.0%

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. There is no guarantee that the objective will be met.

Risk considerations

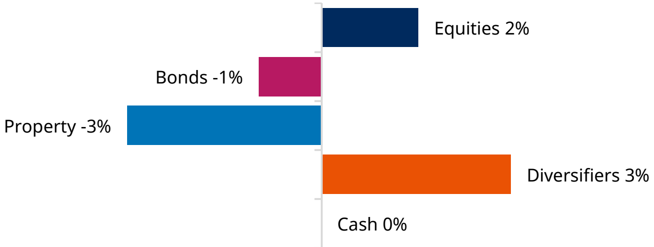
A rise in interest rates generally causes bond prices to fall, while a decline in the financial health of an issuer could cause the value of its bonds to fall or become worthless. A failure of a deposit institution or an issuer of a money market instrument could create losses. Equity prices fluctuate 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.

Asset mix



The above asset allocation is based on holdings as at 30 September 2021.

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.

Sustainability Dashboard

Portfolio equities *vs 20% FTSE All Share, 80% MSCI AC World* ex UK

Planet

Carbon Emissions

4% higher than the benchmark

People

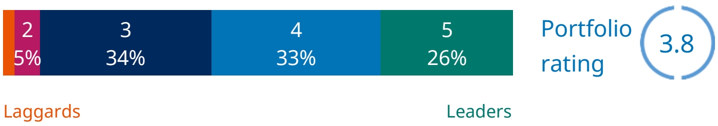
Social Dividend

2.8%

vs 0.3%

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



Source: Cazenove Capital. The sustainability ratings are from 1 to 5 (1 being the worst and 5 the best) and are derived from the 2021 results of our proprietary annual ESG firm-level questionnaire.

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Portfolio commentary

Over the last 10 years the Charity Multi-Asset Fund has returned +7.8% p.a. net of fees, exceeding the target return (inflation +4%) of +6.4% p.a.

Global equity markets continued to rise in sterling terms over the quarter, although the difference between the best and worst-performing regions was marked. Developed markets tended to perform well, supported by a strong earnings season and a dovish tone from the Federal Reserve. In the US 87% of S&P500 companies beat consensus earnings estimates by on average 15%. Technology was particularly strong, with 95% of companies beating earnings estimates by an average of 53%. In contrast, Emerging and Asian markets recorded sharply negative returns, largely driven by a significant sell off in China. This was due to the impact of Chinese regulatory intervention, concerns over slowing Chinese growth and potential contagion from the Evergrande crisis.

Against this backdrop the Fund generated a return of +1.2% over the quarter. Over the year to end September, the Fund returned +7.5% which contrasts with the inflation plus 4% target of +5.7%.

The Fund benefited from maintaining our equity allocation, during a positive period of continued risk asset outperformance. There was strong performance from the Fund's allocation to the S&P 500 tracker as well as two of our thematic holdings, Ninety One Global Environment, which we added to during the period, and Atlas Global Infrastructure. Both thematic Funds have significant exposure towards utilities, which benefitted from a surge in power prices a result of low gas supply and lack of wind over the summer, among other factors. The main detractors were our holdings in Asia and Emerging Markets, as investor sentiment was impacted by a range of perceived risks. Unsurprisingly, the Allianz All China Fund had a challenging period however, it is worth highlighting that our exposure to this Fund has been strongly beneficial to performance over the medium-term.

Within Bonds, our investment selection was a positive for the quarter. Despite the volatility in Chinese financial assets, Chinese Government Bonds performed well and they continue to look attractively valued relative to other defensive assets. We made some changes to our bond exposure, selling the 20+ year US Treasury ETF and increasing our holding in US Treasury Inflation-Protected Securities (TIPS). Whilst in the near term the market appears to have accepted that inflation will prove transitory, there remains the potential for further inflationary pressures and we are happy to maintain exposure to US TIPS as a hedge against increasing inflation. At this stage in the credit cycle, and after a period of strong performance, we have also marginally reduce credit risk in the Fund. This was reflected by switching Schroder Sterling Corporate bond into Hermes Unconstrained Credit, which has a more flexible mandate and the ability to shift exposure across the credit risk spectrum.

Within Diversifiers, our exposure to commercial property continued to generate steady returns, with the strong recovery in UK GDP growth providing an attractive backdrop for the real estate sector. The Schroder Diversified Alternative Assets Fund also performed well over the quarter, with the main contributors coming from private equity, specialist property, infrastructure and renewable energy.

In terms of the Fund's positioning, we expect that the ongoing economic recovery and low interest rates will remain supportive of equity markets. We continue to see opportunities in longer-term themes, such as healthcare, technology and the energy transition, as well as more cyclical sectors as economies fully reopen. However, we may be heading towards a more volatile period for markets as growth momentum cools, inflation remains at somewhat elevated levels and central banks begin the process of normalising monetary policy. We therefore maintain our exposure to defensive and diversifying assets. We continue to see gold as an attractive hedge against inflationary tail risk, but it could come under pressure as yields rise.