Cazenove Capital

Part of the Schroders Group

Charity Responsible Multi-Asset Fund

September 2021

Marketing material for eligible charities only.

Investment objective

The SUTL Cazenove Charity Responsible Multi-Asset Fund aims to provide income and capital growth in line with the Consumer Price Index + 4% per annum (net of fees) over rolling ten-year periods by investing in equities, bonds and alternative assets worldwide. The distribution share class has a total return target distribution of 4% per annum, paid quarterly. The objective and distribution target cannot be guaranteed and your capital is at risk.

Fund characteristics

The SUTL Cazenove Charity Responsible Multi-Asset Fund benefits from Schroders global expertise and is designed for charities of all sizes who want to align their investments with their charitable mission and invest for a better future. Our intention is for the Fund to have a positive impact on people and the planet by avoiding harm through ESG integration and exclusions, benefiting stakeholders through responsible business activities and contributing to solutions through influence and investing for impact.

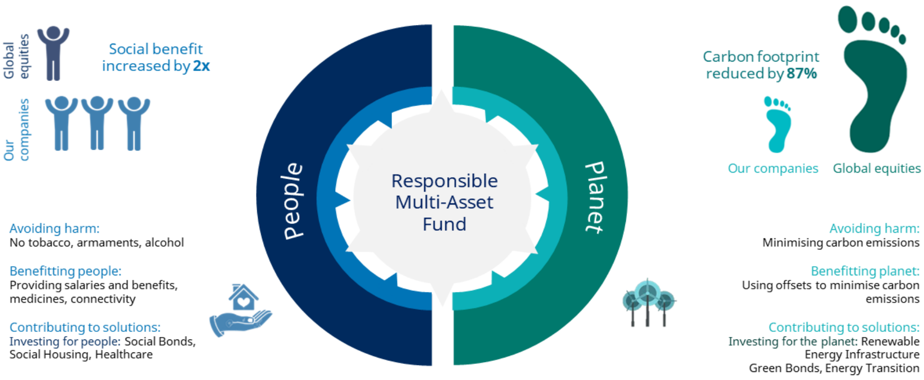
Performance data

Total returns	Since inception (p.a.)	2 years (p.a.)	Sep 2020 - Sep 2021	Sep 2019 - Sep 2020
Responsible Multi-Asset Fund	**8.6%**	**10.9%**	**18.7%**	**3.6%**
Inflation + 4%	5.7%	5.7%	6.9%	4.6%

Past performance is not a guide to future performance.

Source: Datastream/Lipper, bid to bid, in GBP, net income reinvested at 30 September 2021. A Share Class, 0.60% p.a.
Inflation to 31 August 2021. Inception date 1 August 2018.

87% less carbon emissions, increased social benefit



Source: Carbon footprint is based on the average carbon emissions (tonnes CO2e) of portfolio companies, weighted by their position size based on MSCI data. Social benefit is calculated using SustainEx, a proprietary impact measurement tool created by Schroders: MSCI AC World +1.7%, Portfolio +3.4%

You can find out more in our annual Impact Report.

Fund team

Kate Rogers

Tom Montagu-Pollock

Emilie Shaw

Key information

Fund size	£581m
Fund manager	Tom Montagu-Pollock
Units available	Distribution & Accumulation
Valuation and dealing	Daily 12:00
Minimum investment	£10,000
Target distribution	4%
Distribution dates	31st Aug, 30th Nov, 28th Feb, 31st May
Ongoing charges figure	0.85%
SEDOL number	BF78432 BF78421

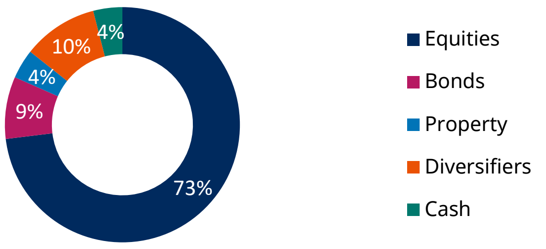
Responsible investment policy

- Integrate environmental, social and governance factors are integrated within the selection process across all asset classes
- Influence companies, through engagement voting, to encourage businesses to make progress towards the sustainable development goals
- Contribute to solutions to environmental and social need, through an allocation to impact investments
- Support the Paris Agreement on Climate Change by reducing the total portfolio emissions and advancing the energy transition through investment
- Collaborate with other charity investors to identify areas of mutual concern

Risk considerations

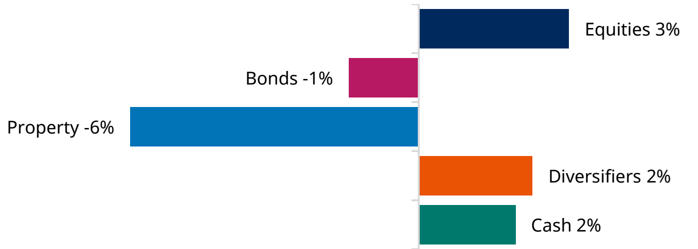
A rise in interest rates generally causes bond prices to fall, while a decline in the financial health of an issuer could cause the value of its bonds to fall or become worthless. A failure of a deposit institution or an issuer of a money market instrument could create losses. Equity prices fluctuate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

Responsible Investment Activities

393 Engagements over Q3

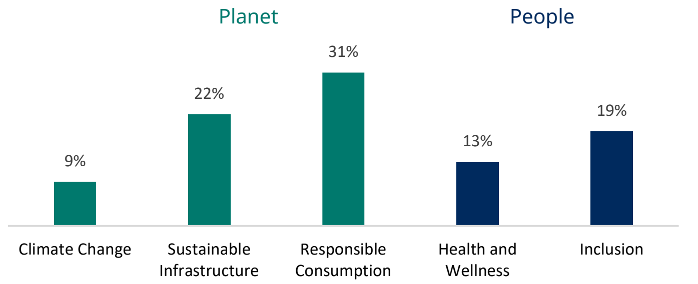
1,026 Company meetings voted

4 ESG-related shareholder resolutions, voted with management on 1

Sustainability Dashboard

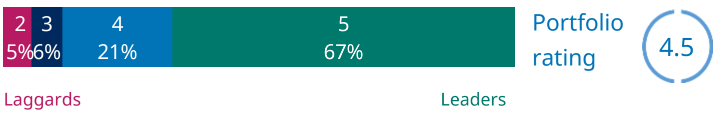
Sustainable Development Goals

Equities Alignment



Source: MSCI SDG alignment based on products and services from the equity portfolio, grouped under 5 key themes.

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.

For further information, please contact:
Jeremy Barker, Portfolio Director,
020 7658 1107 or jeremy.barker@cazenovecapital.com
or
Jamie Beveridge, Client Services Executive,
020 7658 2010 or jamie.beveridge@cazenovecapital.com

Portfolio commentary

Over the quarter, the Fund passed its three year anniversary. Since inception (1st August 2018) the Fund has returned +31.0%; outperforming the long-term inflation +4% target whilst experiencing only two thirds of the volatility of equities. As well as achieving the financial objectives the Fund creates a measurable positive impact for people and the planet, generating twice the social benefit and almost 90% less carbon emissions than the global equity index, with 27% of the investments in the Fund directly contributing to the UN Sustainable Development Goals. We are delighted that the Fund had 170 charities invested and £581m of assets at the end of September 2021.

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, implying inflation tolerance, from the Federal Reserve. 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 +2.8% over the quarter. Over the year to end September, the Fund returned +10.5% which contrasts with the inflation plus 4% target of +5.7%. The Fund benefited from our marginally overweight equity allocation, during a positive period of continued risk asset outperformance, as well as strong performance from a number of our active managers.

The largest contributor to performance was our core global equity exposure through the Schroder Global Sustainable Growth strategy (+4.3%). Stock selection was positive, particularly in industrials and health care. However, positions in consumer staples and zero-weight allocation to energy were negative factors this quarter. Japanese online recruitment company Recruit Holdings was the single largest contributor as the company benefitted from recovering economic activity and labour market tightness. Holdings in Thermo Fisher Scientific, DexCom and Booking Holdings also outperformed meaningfully on the back of strong quarterly results. The position in Chinese technology company Tencent was the single biggest detractor during the quarter following regulatory crackdowns by the Chinese government on internet and education companies. The manager took the difficult decision to sell Tencent. As a result of mounting ESG concerns, the strategy's Investor Group decided that the company no longer meets the high bar for inclusion in the investable universe. The manager also sold positions in Kerry Group and Xylem after strong share price performance as she saw better opportunities elsewhere.

Within bonds, our investment selection was a positive for the quarter. 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.

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. Elsewhere, we continue to be positive on infrastructure and renewable energy given they provide long dated visible revenue streams. We took advantage of a number of capital raises over the summer to add to our positions in this area. Our holdings in Octopus Renewable Infrastructure and Gresham House Energy Storage generated particularly strong returns over the quarter.

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, government reprioritisation and the energy transition. 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 bond yields rise.