Cazenove Capital

Part of the Schroders Group

Charity Equity Value Fund

31 March 2019

Marketing material for eligible 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.

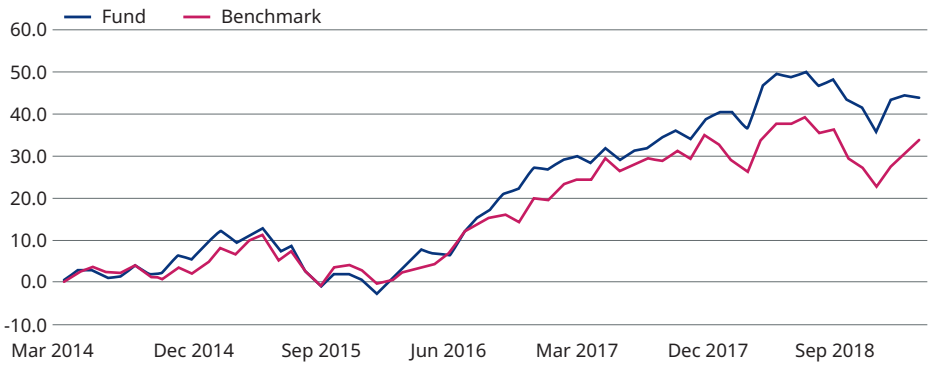
*On 8 June the fund converted to a Charity Authorised Investment Fund (CAIF) structure, the performance shown below has been obtained predominantly under the old Common Investment Fund (CIF) structure. The objective and strategy remain the same. However, the revised Ongoing Charges (OCF) no longer include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

Performance analysis

Performance (%)	1 month	3 months	6 months	YTD	1 year	3 years	5 years	10 years
Fund	**-0.5**	**6.1**	**-2.9**	**6.1**	**5.5**	**38.6**	**44.5**	**255.1**
Benchmark	2.7	9.4	-1.8	9.4	6.4	31.3	34.5	186.8

Discrete yearly performance (%)	Q1/2018 Q1/2019	Q1/2017 Q1/2018	Q1/2016 Q1/2017	Q1/2015 Q1/2016	Q1/2014 Q1/2015
Fund	**5.5**	**5.2**	**24.9**	**-4.9**	**9.7**
Benchmark	6.4	1.2	22.0	-3.9	6.6

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 (£)	199.4 million
Total number of holdings	37
Unit price end of month (£)	1,156.00 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	4.1p
Distribution Yield	4.1%
Ethical restriction	No tobacco manufacturers

Financial information

	Fund	Benchmark
P/Book value	1.2	1.7
P/E ratio	15.3	15.8
Predicted P/E ratio	10.8	13.0
ROE (%)	10.3	14.2

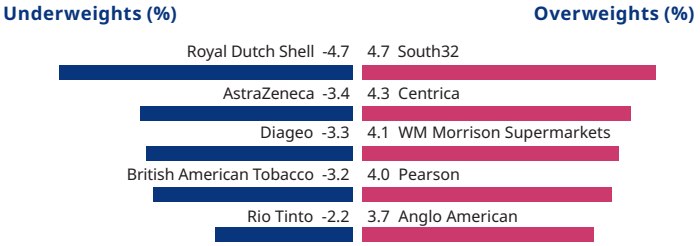
The above ratios are based on mid price based performance data. These financial ratios refer to the average of the equity holdings contained in the fund's portfolio and in the benchmark (if mentioned) respectively.

Purchase information

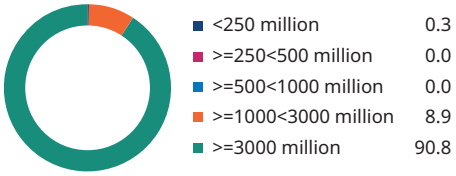
SEDOL	Acc: BF78465 Inc: BF78476
Bloomberg	Acc: SUCCEVA:LN Inc: SUCCEAI:LN
ISIN	Acc: GB00BF784651 Inc: GB00BF784768
Fund base currency	GBP
Dealing frequency	Daily (12:00 GMT)
Ongoing charges (OCF)	0.52%
Minimum investment amount	£10,000

Holdings analysis

Top 10 holdings	Sector	% NAV
1. BP	Oil & Gas	6.2
2. HSBC Holdings	Financials	5.1
3. South32	Basic Materials	4.7
4. Anglo American	Basic Materials	4.6
5. Tesco	Consumer Services	4.6
6. Centrica	Utilities	4.6
7. WM Morrison Supermarkets	Consumer Services	4.3
8. Pearson	Consumer Services	4.3
9. Royal Dutch Shell	Oil & Gas	4.1
10. Royal Bank of Scotland	Financials	4.0
Total		**46.6**

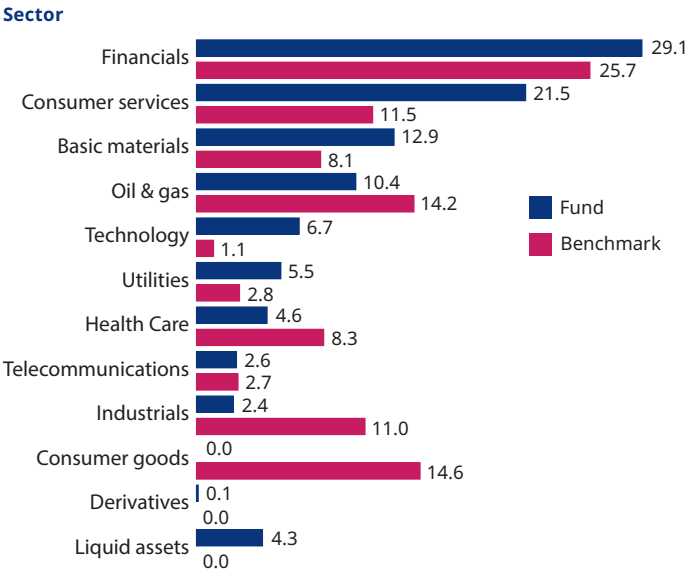


Market cap split (%)



Overweights and underweights data are based on Fund's exposure to holdings grouped by name.

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. Counterparty risk/money market & deposit: A failure of a deposit institution or an issuer of a money market instrument could create losses. 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 underperformed the FTSE All Share Index this quarter. This underperformance was driven primarily from positions in Centrica and Pearson, both of which feature in the top ten holdings of the Fund. Shares in Centrica, the Berkshire-based owner of British Gas came under pressure this year after the company announced that 2019 profits are likely to be hit by the regulator's tariff price cap, although the manager is reasonably relaxed about its impact. Of more concern is the excessive dividend and the weakening balance sheet. The manager maintains the holding but has been active in engaging with the company to ensure the balance sheet is protected. Pearson was amongst the strongest performers last year, and as such it is no surprise that it has given some of that performance back so far this year. Whilst management overhauled the business, sales and profits are likely to be volatile as the benefits of the restructuring are seen towards the end of the program, whilst the costs are seen up front.

Positive contributors included Tesco and Anglo American. The former announced its highest rate of Christmas sales growth in the UK since 2009, and then reported extensive job cuts in a bid to maintain margins against intense competition from the discount retailers. Dave Lewis' turnaround programme continues and the manager believes the intrinsic value of the business is still not being fully recognised. Anglo American shares have risen after reporting growth in underlying core earnings. The business is now totally rehabilitated following the dark days of 2015. Profits have grown, the balance sheet repaired and management deserve credit for their restructuring and cost cutting.

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