

# Charity Equity Income Fund

31 March 2019

Marketing material for eligible charities only.

## Investment objective and policy

The SUTL Cazenove Charity Equity Income Fund aims to provide a portfolio yield in excess of the FTSE All-Share Index, through investing predominately in UK equities. The income provision will be the primary objective. The Fund's secondary target is to provide capital growth in order that its total return exceeds that of the FTSE All-Share Index over rolling five-year periods.

Subject to cash being reasonably held for redemptions and expenses, it is the intention of the Fund to remain fully invested except where market conditions necessitate the use of a defensive investment strategy which involves the holding of cash or near cash.

\*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
<b>Fund</b>	<b>0.5</b>	<b>7.7</b>	<b>-4.8</b>	<b>7.7</b>	<b>0.5</b>	<b>19.5</b>	<b>22.5</b>	<b>29.3</b>
Benchmark	2.7	9.4	-1.8	9.4	6.4	31.3	34.5	40.9

Discrete yearly performance (%)	Q1/2018 Q1/2019	Q1/2017 Q1/2018	Q1/2016 Q1/2017	Q1/2015 Q1/2016	Q1/2014 Q1/2015
<b>Fund</b>	<b>0.5</b>	<b>2.9</b>	<b>15.6</b>	<b>-4.9</b>	<b>7.8</b>
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.

Matt Hudson  
Fund Manager



## Technical information

Strategy launch date*	02 December 2002
Total fund size (£)	236.7 million
Total number of holdings	51
Unit price end of month (£)	115.90 GBX
Benchmark	FTSE All-Share
Fund Manager	Matt Hudson
Ex Distribution Dates	31 Mar, 30 Jun, 30 Sep, 31 Dec
Latest Payment	0.87
Payment dates	28 Feb, 31 May, 31 Aug, 30 Nov
Distribution Yield	4.9%
Ethical restriction	No tobacco manufacturers

## Financial information

	Fund	Benchmark
P/Book value	1.7	1.7
P/E ratio	15.7	15.8
Predicted P/E ratio	11.9	13.0
ROE (%)	14.3	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

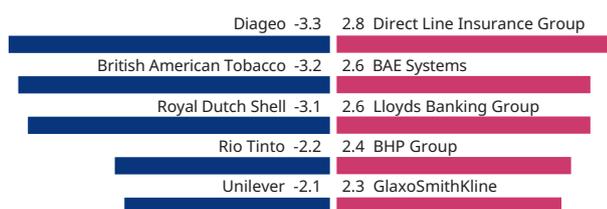
SEDOL	Acc: BF784F4 Inc: BF784G5
Bloomberg	Acc: - Inc: SUTCEAI:LN
ISIN	Acc: GB00BF784F45 Inc: GB00BF784G51
Fund base currency	GBP
Dealing frequency	Daily (12:00 GMT)
Ongoing charges (OCF)	0.51%
Minimum investment amount	£10,000

## Holdings analysis

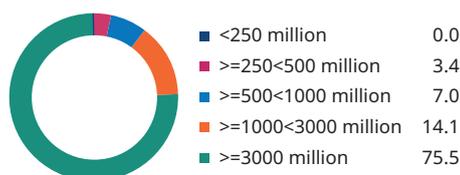
Top 10 holdings	Sector	% NAV
BP	Oil & Gas	7.2
GlaxoSmithKline Health	Health Care	5.8
Royal Dutch Shell	Oil & Gas	5.7
Lloyds Banking Group	Financials	4.5
BHP Group	Basic Materials	4.1
HSBC Holdings	Financials	3.5
National Grid	Utilities	3.4
BAE Systems	Industrials	3.3
Direct Line Insurance Group	Financials	3.1
Aviva	Financials	2.9
<b>Total</b>		<b>43.4</b>

### Underweights (%)

### Overweights (%)

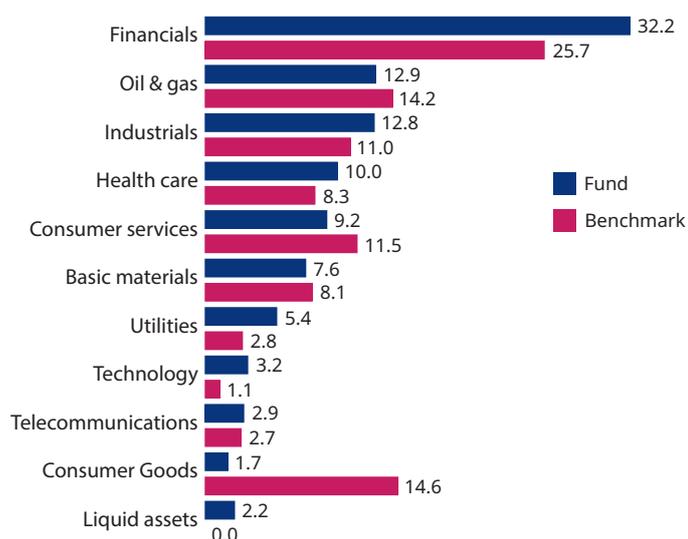


### Market cap split (%)



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. 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

Defensive assets were generally in favour, although there was a decent bounce in domestically exposed stocks as the chance of a "hard Brexit" appeared to recede.

The Fund lagged the rally in the market as the defensive skew (cash) and the zero weighting in Tobacco (sector up 25%), offset the Fund's overweight positions in domestic cyclicals and financial stocks. A market more focused on highly valued quality, created a headwind for performance, but the manager remains convinced that the higher yields and more attractive long run valuations of the majority of stocks in the Fund will deliver superior returns in the medium term.

The best performers included domestic cyclicals - Lloyds Banking Group, Ibstock, Savills and Persimmon, while BHP and Sage were also strong contributors. Conversely, the nil holding in Tobacco contributed the biggest headwind for performance, while poor returns from Elementis (weak trading update), Just Group (balance sheet strengthening) and Telecoms (BT and Vodafone) held back returns.

The Fund added to its' smaller company exposures with new holdings in RPS and Paypoint and also added to Just Group as part of a rights issue. Other purchases included both Croda and Elementis in the Chemical sector and new holdings were established in both Restaurant Group and Bodycote. The Fund took profits in a number of domestic cyclicals that had performed well, including Lloyds Banking Group and Savills, while exiting fully the position in Persimmon. Other smaller reductions included Sage, GlaxoSmithKline and Vodafone.

The Fund is focused on delivering a premium income and this continues to be supported by robust and growing dividends from a range of key holdings, augmented by special dividends. However, there are many companies that are at risk of reducing their existing dividends and so the manager remains wary of a number of higher yielding companies. The manager is now more cautious, but has maintained the Funds' exposure to domestic assets which continue to trade at a substantial discount to the market and as importantly, global quality defensives.

**For further information please contact  
Jeremy Barker, Portfolio Director, on 020 7658 1107  
or [jeremy.barker@cazenovecapital.com](mailto:jeremy.barker@cazenovecapital.com)**

Issued by Schroder & Co. Limited, trading as Cazenove Capital. Registered Office at 1 London Wall Place, London EC2Y 5AU. Registered 2280926 England. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. This document may include forward-looking statements that are based upon our current opinions, expectations and projections. We undertake no obligation to update or revise any forward looking statements. Actual results could differ materially from those anticipated in the forward-looking statements. Past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and an investor may not get back the amount originally invested and may be affected by fluctuations in exchange rates. Unless otherwise stated all data is sourced from Schroders and DataStream. Telephone calls may be recorded for training and monitoring purposes. CS1382\_CEIF