Cazenove Capital

Part of the Schroders Group

Stramongate

June 2023

Fund Objective and Investment Policy

The Company's long term investment goal is to double the assets of the Stramongate Group in real terms over 30 years while paying an annual dividend that keeps pace with inflation. This translates into an average annual rate of growth in NAV per share of approximately inflation + 2.3% and a net total return objective of inflation + 4% after fees and other costs. The Fund will invest in a diversified international portfolio across a range of asset classes and including both quoted and unquoted investments.

This is not intended to be a profit forecast and there is no assurance that the Company will meet its investment objective.

Investment Managers

Alex Tate & Amelia Sandbach

Managed since

19 December 2020

Fund size (£m)

238.50

NAV per share (£)

7.28

Total number of shares in issue

32,779,296

Past 12m yield

1.96%

Dividend distribution dates

Semi-annually

Latest Dividend **(payable in two tranches)**

14.98p

ISIN

LU0707675970

Website
(incl. historic NAV and dividend information)

www.stramongate.com

Contact

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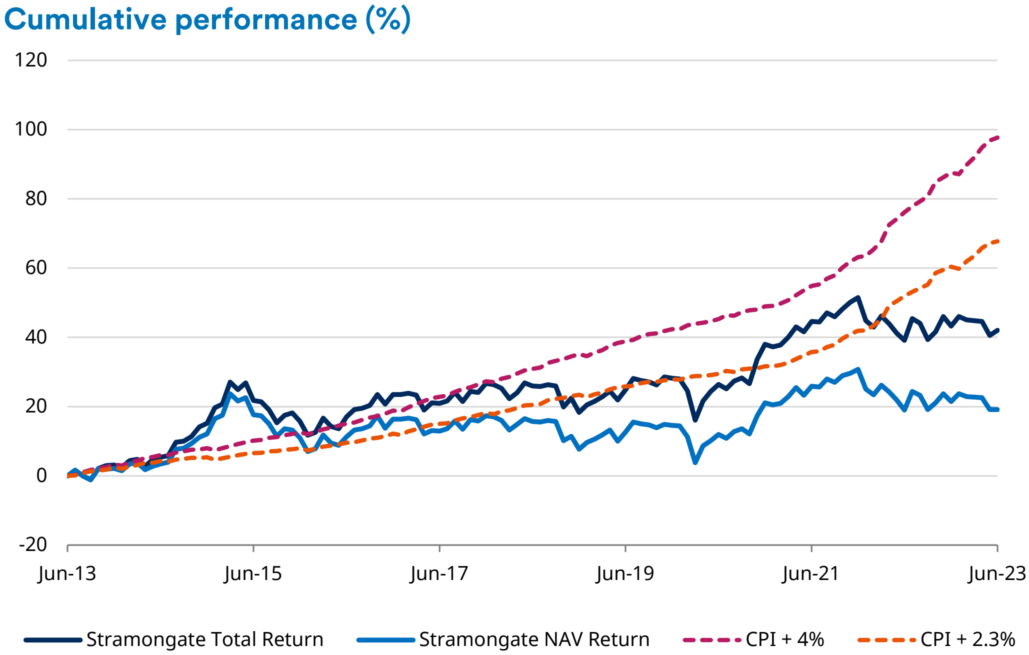
Performance analysis

Performance % (total return)	3 Mon	YTD	1 Year	3 Year	5 Year	10 Year
Stramongate	-1.9%	-0.9%	2.1%	12.3%	12.7%	42.0%
CPI +4%	*3.0%*	*5.4%*	*12.2%*	*36.1%*	*51.1%*	*97.7%*
ARC Sterling Growth	*0.1%*	*2.1%*	*3.1%*	*10.5%*	*13.8%*	*58.2%*
MSCI AC World	*3.4%*	*8.1%*	*11.9%*	*34.8%*	*57.1%*	*190.7%*

Performance % (total return)	Jun 22 - Jun 23	Jun 21 - Jun 22	Jun 20 - Jun 21	Jun 19 - Jun 20	Jun 18 - Jun 19
Stramongate	2.1%	-3.8%	14.4%	1.3%	-0.9%
CPI +4%	*12.2%*	*13.8%*	*6.6%*	*4.6%*	*6.1%*
ARC Sterling Growth	*3.1%*	*-7.5%*	*15.9%*	*-0.5%*	*3.5%*
MSCI AC World	*11.9%*	*-3.7%*	*25.1%*	*5.7%*	*10.3%*

Performance over past 10 years %



Performance is net of all corporate costs, investment management and underlying fund fees. 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.

Market and Portfolio Comment

Over the second quarter the NAV per share declined by -2.9%, bringing the year to date NAV performance to -1.8%. Adjusting for the dividend paid over the quarter the total return was -1.9%, bringing the year to date total return to -0.9%.

The second quarter got off to an uncertain start with continuing concerns about the health of the US regional banking system, the possibility of a US debt default, and the prospect of further interest rate hikes from the Federal Reserve due to persistent core inflation. Despite this, the period as a whole was positive for equity markets, with the MSCI AC Word and the S&P500 indices rising 3.3% and 5.6% respectively in sterling terms. However, the headline figures mask significant divergence in performance between sectors and styles, and for much of the period market breadth was incredibly narrow. The so-called 'Magnificent Seven' mega cap technology companies (Apple, Microsoft, Alphabet, Amazon, Tesla, Meta and Nvidia) were responsible for 85% of the performance of the S&P500, benefiting from excitement surrounding artificial intelligence (AI), while the rest of the market was flat on aggregate. The rise of these stocks now means the largest five companies in S&P500 represent a staggering 30% of the total index's value. Towards the end of the quarter, we did start to see a broadening of market leadership and a recovery in more economically sensitive cyclicals and small cap stocks. Equity investors are again betting that a 'soft landing' will be achieved as inflation falls, and robust labour markets combined with ongoing consumer demand allows for continued economic growth.

Against this backdrop Our core equity allocation produced an aggregate +1.3% return over the quarter, helped by its exposure to a number of the top performing US technology companies. The best performing name was US Software firm Adobe, who posted a solid set of results expressing expectations for higher growth in the years ahead. What particularly captured investor imagination was the rollout of the firm's generative fill technology for its Photoshop programme, which broadly speaking allows the user to type what they would like to achieve from their editing and allows AI to enact the changes. Microsoft also performed strongly over the quarter as results in April showed 11% revenue growth, expanding gross margin and a beat on earnings. In terms of detractors, Vestas Wind Systems continued to struggle as its near-term outlook remains murky, and sentiment continued to be tested despite the long-term tailwinds that we feel will continue to power the business. We still have conviction in the stock still, but have consistently viewed it as largely a 2024 play once they are able to get through some of the less profitable contracts which had been locked in.

Government bonds fared less well as interest rates and future rate expectations both continued to rise, inflation remained persistent and central banks stayed hawkish. US Treasuries fell 1.4% (in USD terms), whilst the longer duration UK gilt index fell by close to 6% as the extent of the inflation challenge facing the UK became more apparent. UK interest rates currently stand at 5% but the market is pricing in rates at around 6.2% by the end of the year. At current levels we continue to see good value in UK government bonds which can offer diversification if a weaker growth environment forces a change in the direction of monetary policy. Owning to this, and following a period of outperformance, we switched our position in US Treasuries into a 2039 UK conventional Gilt as for the first time since 2014 (barring a short period in October 2022) UK Gilts provide a yield premium relative to US Treasuries.

The expectation of higher UK rates also had implications for listed infrastructure and renewables as well as some listed private equity names, as discount rates moved higher resulting in investment trust share prices falling and discounts to net asset value widening. This space also saw selling pressure as institutional investors looked to rebalance portfolios back towards fixed income given increasingly attractive yields. Whilst painful in the near term, we are happy to maintain exposure through the Schroder Sustainable Diversified Alternative Asset Fund, given the ability to access strong steady state return streams (with high inflation linkage for several of the infrastructure names) at increasingly attractive valuations.

Whereas equities were seemingly able to look through near term growth risks, commodities had a tough quarter. Brent crude prices fell whilst industrial metals like copper (-8.6%) also suffered on concerns over weaker global demand. While we do not have exposure to crude oil we remain positive on the long term outlook for metals necessary to deliver the energy transition, such as copper and zinc. We continue to believe that the transition to renewable sources of energy will drive demand and support pricing. Finally the allocation to private equity was broadly flat over the period, apart from DFJ Growth which rose off the back of SpaceX completing another fund raise at a higher valuation.

Market Outlook

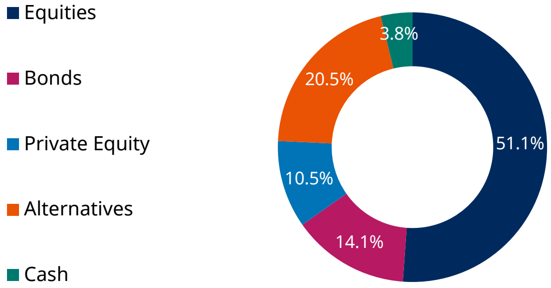
Looking forward, the outlook for the global economy is better than we forecasted at the end of 2022. Economic activity in both the US and Europe has been relatively resilient, primarily due to lower energy prices and the Chinese economy reopening sooner than anticipated. However, 'sticky' inflation and recent developments in the global banking sector have complicated the picture and introduced less clarity over the direction of monetary policy. The key uncertainty therefore remains the path of inflation and interest rates. In the US, core inflation (excluding food and energy) remains too high for comfort. In the UK, it is not even clear that it is on a downward path after CPI inflation rose in April and May.

Equity market valuations have re-rated and offer less support (particularly in the US), whilst corporate earnings and margins could start to come under more meaningful pressure as rate hikes take effect on the economy. Furthermore, investor positioning in equities is now extended and sentiment has moved close to be overly optimistic. This leaves equities at risk of a correction if we were to see signs of more meaningful economic weakness, which will provide an opportunity to add back to equities in the portfolio.

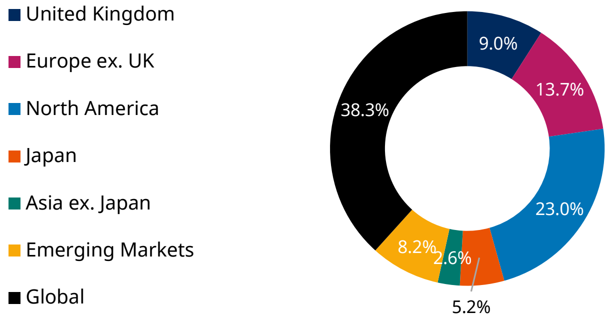
The Federal Reserve and other central banks will be very reluctant to cut interest rates until they consider that inflation is clearly under control. We continue to look for higher quality companies in the current environment and see merit in having increased allocations to defensive fixed income and diversifying alternative assets given the prevailing economic and political uncertainty.

Asset allocation

Asset Mix



Equity Allocation



Holdings analysis

Top ten holdings	Sector	% NAV
Sparinvest Glb Val-HM2 ID X-GBP-Dis	Global Equity	6.2%
1.125 UK Gilt 31.01.2039	U.K Bonds	4.9%
Schroder Gl Citi RE -Z-GBP-Inc	Alternatives	4.7%
Schroder Gl Sust Grwth -S-GBP-Inc	Global Equity	4.5%
Sway Accelerate-IT Vent I LP	Private Equity	3.3%
Lennox Prime London Res II LP	Alternatives	3.3%
Schroder SSF Sus Div Al-S-GBP-Dis	Alternatives	3.2%
0.125 UK Gilt 31.01.28	U.K Bonds	2.8%
UBAM Pos Imp Em Eq -YD-GBP-Dis	Emerging Markets Equity	2.6%
ML Chelodina -Ins-GBP-Acc	Alternatives	2.5%
Total:		**38.0%**

Source: Cazenove Capital & Pictet, as at 30 June 2023.

Note: the holding in Applerigg Limited is outside the portfolio managed by Cazenove Capital.

Asset allocation is subject to change.

Sustainability dashboard

Portfolio equities *vs MSCI AC World*

Planet

Carbon Emissions

53% lower than the benchmark

People

Social Dividend

3.5%

vs -1.3%

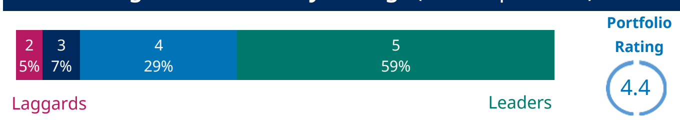
Carbon emissions includes an aggregate of the annual scope 1 & 2 carbon emissions attributed to the companies, based on £1m invested in the multi-asset strategy. Social dividend is measured using SustainEx which calculates the contribution of the companies expressed as a percentage of sales. For example, a score of +2% means that the portfolio adds \$2 of benefits for society for every \$100 of sales.

Equity Sector Exposures (% total equities)

Gambling	0.0%	High Interest Loans	0.0%
Alcohol	0.1%	Armaments	0.1%
Tobacco	0.0%	Fossil Fuels	0.0%

Equity sectors shown represent common exclusionary screens. Exposure based on MSCI revenue data, as at 30 June 2023.

Fund Manager Sustainability Ratings (% total portfolio)



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.

Taking 'Action' to support the United Nations Sustainable Development Goals

Engagement Themes

Using our influence to create change

Investment Themes

Allocating capital to solutions

Engagement Themes: Climate Change; Biodiversity and Natural Resource Constraints; Human Capital Management; Human Rights; Inclusion and Diversity; Governance and Oversight

Climate Change

As a founding signatory to the Net Zero Asset Managers we have committed to transition our discretionary assets to net zero by 2050, or sooner.

To enable this we have been engaging with our underlying fund managers to understand their climate commitments and decarbonisation plans. We have completed an initial review of all 150 managers on our buy lists and have held follow up meetings with 23 managers to better understand their transition plans.

Last year, Schroders engaged over 700 companies on climate. Our engagements have proven successful as the companies we engaged on climate since 2021 have been almost twice as likely to set a new below 2°C target than those we did not.

Health and Wellbeing

Dexcom is a pioneer and leader in real time continuous glucose monitoring (CGM) systems, which track diabetics glucose levels and send those numbers to a smart device every five minutes without finger sticks or scanning. Trend arrows show where numbers are heading fast to enable people to manage their condition more safely.

CGM has been proven to reduce risks of hypoglycemia and hyperglycemia, glycemic variability (GV), and improving patient quality of life. Dexcom products are used by over 1.25 million people globally.

Investment Themes: Climate Change; Health and Wellbeing; Sustainable Infrastructure; Responsible Consumption; Inclusion

* SustainEx™ disclaimer

[1]SustainEx™ provides an estimate of the net 'impact' that an issuer may create in terms of social and environmental 'costs' or 'benefits'. It does this by using certain metrics with respect to that issuer, and quantifying them positively (for example by paying 'fair wages') and negatively (for example the carbon an issuer emits) to produce an aggregate notional measure of the relevant underlying issuer's social and environmental 'costs', 'externalities' or 'impacts'. SustainEx™ utilises and is reliant on third party data (including third party estimates) as well as Schroders' own modelling assumptions, and the outcome may differ from other sustainability tools and measures. Where SustainEx™ relies on data and estimates produced by third parties, Schroders seeks to ensure that such data and estimates are accurate, but Schroders cannot and does not warrant the accuracy, completeness and adequacy of such third party data and estimates. Like any model, SustainEx™ will evolve and develop over time as Schroders continues to assess, refine and add to the metrics and their relative contributions. Generating SustainEx™ scores involves an element of judgment and subjectivity across the different metrics chosen by Schroders, and accordingly Schroders does not accept any liability arising from any inaccuracy or omission in, or the use of or reliance on, SustainEx™ scores. As the model evolves, changes made to how metrics are applied may result in changes to the SustainEx™ score of any issuer and ultimately the overall fund/portfolio score. At the same time, of course, the issuer's SustainEx™ performance might improve or deteriorate.

Schroders' proprietary sustainability tools including SustainEx™ may not cover all of a fund/portfolio's holdings from time to time, in which case Schroders may use a range of alternative methods to assess the relevant holding. In addition, certain types of assets (such as cash and cash equivalent securities) are treated as neutral and are therefore not considered by our proprietary tools. Other types of assets such as equity indices and index derivatives may not be considered by our proprietary tools and in such case would be excluded from a product's sustainability score.

Risk considerations

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. Currency risk: The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses. Interest rate risk: A rise in interest rates generally causes long-lived asset prices to fall.Leverage risk: Some funds use derivatives for leverage, which makes it more sensitive to certain market or interest rate movements and may cause above-average volatility and risk of loss. Operational risk: Failures at service providers could lead to disruptions of fund operations or losses. Emerging markets & frontier risk: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk.

The above asset allocation is based on holdings as at 30 June 2023. Nothing in this document should be deemed to constitute the provision of financial, investment or other professional advice in any way. 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. 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. All data contained within this document is sourced from Cazenove Capital unless otherwise stated.