Cazenove Capital

Part of the Schroders Group

Stramongate
December 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)

250.10

NAV per share (£)

7.63

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

Stephen.Harris@Schroders.com

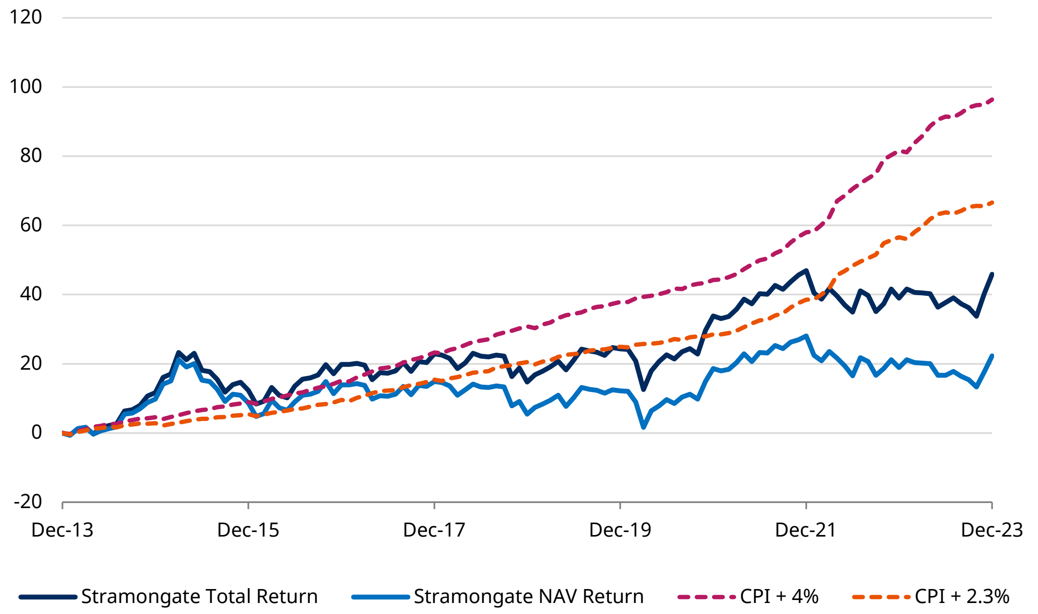
Performance analysis

Performance % (total return)	3 Mon	YTD	1 Year	3 Year	5 Year	10 Year
Stramongate	7.1%	4.9%	4.9%	9.0%	27.1%	45.8%
CPI +4%	*1.2%*	*8.1%*	*8.1%*	*36.2%*	*50.1%*	*96.4%*
ARC Sterling Growth	*5.2%*	*7.2%*	*7.2%*	*6.1%*	*27.6%*	*57.3%*
MSCI AC World	*6.3%*	*15.3%*	*15.3%*	*26.8%*	*73.9%*	*178.6%*

Performance % (total return)	Dec 22 - Dec 23	Dec 21 - Dec 22	Dec 20 - Dec 21	Dec 19 - Dec 20	Dec 18 - Dec 19
Stramongate	4.9%	-5.4%	9.8%	7.6%	8.3%
CPI +4%	*8.1%*	*14.9%*	*9.6%*	*4.6%*	*5.3%*
ARC Sterling Growth	*7.2%*	*-10.2%*	*10.2%*	*4.6%*	*15.0%*
MSCI AC World	*15.3%*	*-8.1%*	*19.6%*	*12.7%*	*21.7%*

Performance over past 10 years %

Cumulative performance (%)



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 final quarter the total return (including dividend) was 7.1%. For the full year, the total return has been 4.9% per share.

For the economy and markets, 2023 as a whole turned out to be a much better year than expected. Inflation fell steadily and global GDP continued to rise, despite very steep increases to interest rates in many countries. The 12-month period was generally a positive one for risk assets with global equities rallying by over +15%, however, that headline number masks periods of significant volatility and returns very concentrated in a small group of individual companies. Nonetheless, after a challenging third quarter, the final quarter of the year delivered a welcome Christmas present for investors. Growing excitement that central banks would cut interest rates sooner than previously expected in 2024 resulted in both equities and bonds finishing the year strongly.

Looking more closely at the fourth quarter, the top performing sectors were those most sensitive to interest rates, including information technology and consumer discretionary. Fossil fuel sectors posted negative returns as crude oil prices were weaker over the period, and companies linked to the energy transition theme posted strong returns (retracing significant weakness over 2023 up till that point).

The equities within the fund returned 7.7% on aggregate, outperforming global equity markets, thanks in part to the strong rally in the Schroder Global Sustainable Growth strategy. Vestas Wind Systems (41.6%) was the largest contributor to that strategy during the quarter. The Danish wind turbine manufacturer has endured a difficult couple of years, seeing its share price slide as inflation made contracts that it had signed unprofitable. However, this quarter saw the firm post a profit and these results provided the encouragement that investors needed to help propel the share price up. In addition, a few of the recent additions to the strategy also performed well with Arm Holdings (semiconductors) returning 34% and Intuit (financial software) returning 17%, whilst the encouragingly robust US economic data helping provide support to the shares of Indeed.com owner Recruit Holdings (31%). Turning to the thematic equity funds, it was pleasing to see them perform strongly in a favourable environment, RobecoSAM Sustainable Water fund returned 10.4% and the 91 Global Environment fund returned 6.4%.

Our fixed income allocation delivered strong performance in aggregate (7.5%), with our Gilt exposure of particular note. This was largely down to the Office for National Statistics (ONS) reporting a larger-than-expected decrease in the UK consumer prices index to below 4% in November. Longer-dated Gilts tended to perform better, with the 2039 Gilt held in the portfolio returning more than 12% for the quarter. Our high-quality global investment grade strategy also benefitted from a tightening of credit spreads. The final quarter for fixed income, marked their best quarterly performance in over two decades, and therefore, we took advantage of the rally to trim longer-dated bonds, but continue to like the asset class for its defensive characteristics and attractive yields.

Positive news around inflation and peaking rates had a knock-on effect to the alternative investment trusts, which saw their discounts start to narrow from quite extreme levels. Reports of a merger in the renewable energy sector supported our thesis that the underlying businesses are attractively valued. The avoidance of a global recession has also provided encouragement to the listed private equity vehicles. All of this supported the return of the Schroder Sustainable Diversified Assets fund which rose 4.6%. The recent performance of gold (10.9%) exceeded expectations in today’s higher interest rate environment. Whilst we still believe that gold can act as a valuable hedge against shocks, we took the strength as an opportunity to trim the portfolio’s exposure and instead allocate to equities.

Elsewhere in alternatives, we saw lowering inflation and the talk of interest rates peaking strengthen appetite for the property sector, with Lennox Prime London Real Estate rising 29.3% and Schroder Global Cities rising 10.8% respectively. Returns were more mixed from private equity; however the Hollyport Secondary Opportunities fund VIII produced some robust numbers (34.7%) following the valuation of its underlying interests.

Portfolio activity over the quarter was generally guided by our increasingly positive view on equities, leading us to start closing out the underweight position. Our roadmap suggests we will continue to add as we reached the peak in interest rates on the back of declining inflation prints. Stronger than expected consumer spending in the US has also reduced the likelihood of near-term recession meaning a smaller equity underweight, particularly to the US technology leaders, feels appropriate.

Market Outlook

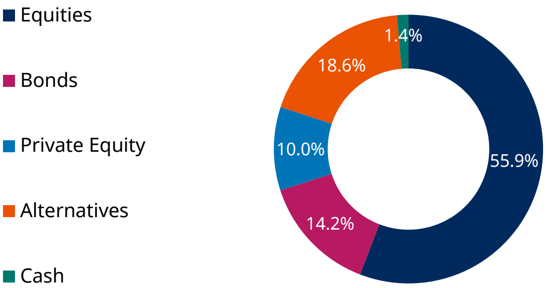
We believe the global economy is set to grow at a slower pace of around 2% over the next two years as inflation continues to fall. Looking beyond this fairly uninspiring headline figure, global activity is less synchronised than is usually the case, owing to individual responses to the pandemic and geopolitical developments, and whilst in our view we have likely reached peak interest rates, the divergence in economic fortunes may determine the scale and pace of any potential interest rate cuts.

The US economy has continued to defy those with a more pessimistic outlook, as consumers kept spending against a backdrop of buoyant labour market conditions and excess household savings. We expect growth to slow as higher rates feed through to activity, however, despite the increased likelihood of a divisive Presidential campaign and the US Federal Reserve have indicated they are expecting to cut rates in 2024, an outright recession is no longer our central scenario, and in the event that one did occur we expect it to be relatively shallow.

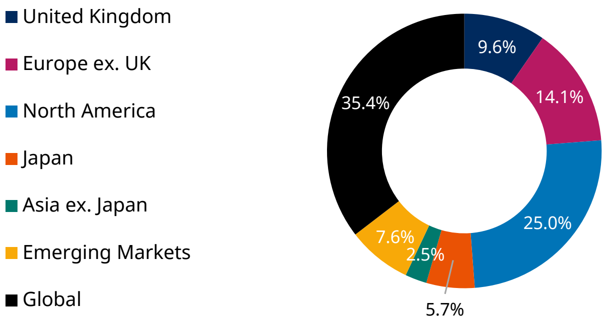
The outlook in other parts of the world is not as rosy. While fading activity has helped bring down inflation, the European economy is already flirting with recession, which could see the European Central Bank deliver a rate cut early in the new year. The UK economy, after a long period of stagnation, will probably follow suit, and may fall into recession in 2024. Should this happen we believe that the Bank of England will not be far behind their European counterparts in also cutting rates. Meanwhile in China, despite recent signs of stabilisation, the ongoing bust its domestic housing market continues to hang over the economy. The authorities in China have been in loosening mode for some time and further monetary easing is likely as Beijing attempts to manage the end of its housing-led economic model.

Asset allocation

Asset Mix



Equity Allocation



Holdings analysis

Top ten holdings	Sector	% NAV
SparInv EthicalValue-HM2 X-GBP-Inc	Global Equity	6.0%
Schroder Glb Sust Growth -S-GBP-Inc	Global Equity	5.5%
Schroder Gl Citi RE -Z-GBP-Inc	Alternatives	4.9%
1.125 UK Gilt 31.01.2039	U.K Bonds	4.4%
Sway Accelerate-IT Vent I LP	Private Equity	3.2%
Schroder Sust Div Alts -S-GBP-Inc	Alternatives	3.1%
0.125 UK Gilt 31.01.28	U.K Bonds	2.9%
Microsoft Corp	North America Equity	2.5%
UBAM Impact EM Equity -YD-GBP-Inc	Emerging Markets Equity	2.5%
Invesco GREF -ZQD-GBP-h-Dis	Alternatives	2.0%
Total:		**36.9%**

Source: Cazenove Capital & Pictet, as at 31 December 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

45% lower than the benchmark

People

Social Dividend

4.3%

vs -0.9%

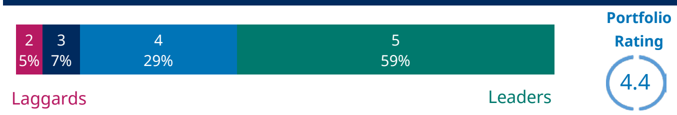
Carbon emissions includes an aggregate of the annual scope 1 & 2 carbon emissions attributed to the companies, based on £1m invested in the multi-asset strategy. Social dividend is measured using SustainEx which calculates the contribution of the companies expressed as a percentage of sales. For example, 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	0.0%	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 31 December 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

Climate Change

Biodiversity and Natural Resource Constraints

Human Capital Management

Human Rights

Inclusion and Diversity

Governance and Oversight

One of our priority areas for action is making Boards more representative of society. In 2021, Schroders wrote to FTSE100 chairs to make clear our expectations, as investors, that they should ensure a level of ethnic diversity on their boards. In 2022, we escalated this ask and Schroders began to vote against the nominations committee chair of companies that did not have at least one director of colour, which led to us voting against the election of 13 UK and US companies nominations committee chairs. For every vote against, Schroders communicated the reason for this being the lack of diversity on the board.

As well as focusing on ethnic diversity at Board level, we also continue to support gender diversity. Globally, we voted against some 611 companies in 2022, due to their lack of gender diversity on the Board. We also use our influence to support shareholder proposals around increasing diversity and inclusion, supporting 69 such proposals during the year.

We are thrilled to have published our Climate Transition Action Plan, outlining how we will achieve our commitment to transition discretionary portfolios to net zero by 2050, or sooner.

The strategy focuses on investing away from the worst contributers to the climate crises and towards those companies creating the climate solutions needed to make net zero achievable.

In addition, we will use our influence to encorage companies we invest in, and fund managers we invest through, to accelerate their own climate action. This quarter we commitcated our expectations to all fund managers that they establish credible net zero plans within the startegies we invest through. We are excited to report that a number of the managers have confirmed the intention to establish a net zero commitment based of our request. We will be providing further details in our annual

To understand more about our transition plan, read the Climate Transition Action Plan

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 certain 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 31 December 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.