Cazenove Capital

Part of the Schroders Group

Stramongate S.A.

September 2024

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)

255.8

NAV per share (£)

7.81

Total number of shares in issue

32,756,296

Past 12m yield

1.97%

Dividend distribution dates

Semi-annually

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

15.40p

ISIN

LU0707675970

Website

(incl. historic NAV and dividend information)

www.stramongate.com

Contact

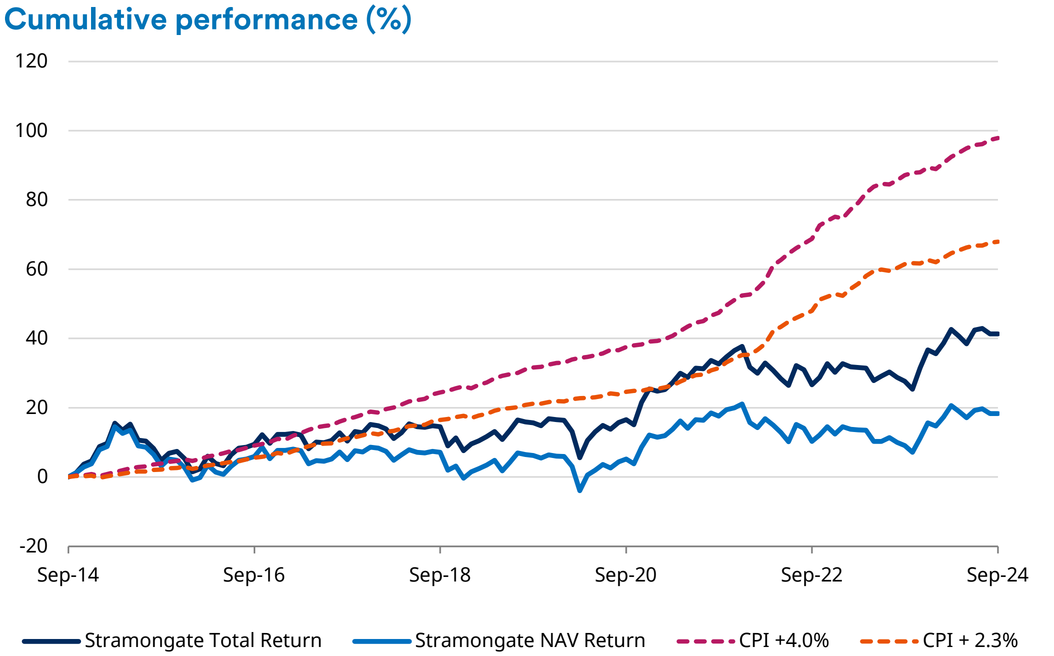
Stephen.Harris@Schroders.com

Performance analysis

Performance % (total return)	3 Mon	YTD	1 Year	3 Year	5 Year	10 Year
Stramongate	-0.8%	3.4%	10.7%	6.5%	22.2%	41.3%
CPI +4.0%	*1.1%*	*4.5%*	*5.7%*	*34.2%*	*50.4%*	*97.9%*
ARC Sterling Growth	*1.3%*	*6.7%*	*12.2%*	*5.5%*	*21.2%*	*63.9%*
MSCI AC World	*0.5%*	*12.8%*	*19.9%*	*26.9%*	*63.3%*	*196.4%*

Performance % (total return)	Sep 23 - Sep 24	Sep 22 - Sep 23	Sep 21 - Sep 22	Sep 20 - Sep 21	Sep 19 - Sep 20
Stramongate	10.7%	0.8%	-4.5%	13.8%	0.9%
CPI +4.0%	*5.7%*	*10.9%*	*14.5%*	*7.2%*	*4.6%*
ARC Sterling Growth	*12.2%*	*4.6%*	*-10.1%*	*15.0%*	*-0.2%*
MSCI AC World	*19.9%*	*10.5%*	*-4.2%*	*22.2%*	*5.3%*

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

Despite significant periods of volatility, global equities (as seen by the MSCI All Country World Index) managed to end the quarter in positive territory (+0.5%) in sterling terms. A combination of weaker US economic data, a dramatic strengthening of the yen, and lower summer liquidity saw stock markets hit particularly hard in early August. However, the drawdown proved short-lived as markets rallied back strongly, buoyed by a series of rate cuts from major central banks, including the Federal Reserve (Fed) and European Central Bank, alongside stronger US data and stimulus measures by Chinese authorities.

Against this backdrop, the portfolio's equities, on aggregate, fell -0.2% over the quarter. The core Schroder sustainable direct equity strategy underperformed global equities over the period. Positive stock selection in the consumer discretionary (i.e. Lowes +16.1%), consumer staples (i.e. Unilever +12.2%) was not enough to offset poor performance from the strategy's technology names such as Arm Holding (-18.3%), Alphabet (-14.2%) and ASML Holding (-24.3%). In the US, the S&P500 fell by -1.3% over the quarter as poorer returns from the "Magnificent 7" AI-related stocks lagged the broader market for the first time since the end of 2022. Investors were concerned as to how quickly these companies would reap rewards from the significant capex spending that had already been committed. On that basis, not holding NVIDIA or Amazon in the strategy was a positive contributor when looking at the strategy return vs. the benchmark. The fund's thematic positions performed well over the quarter. Both UBAM Positive Impact Emerging Equity (+4.2%) and Ninety One Global Environment (+5.8%) were boosted by their China exposure which rallied on the news of stimulus measures announced by the People's Bank of China to support the nation's economy. RobecoSAM Sustainable Water (+5.7%) also fared well, driven by good performance from underlying companies such as Pentair PLC, Avantor Inc and Fortune Brands Innovation.

Turning away from equities, interest rate cuts in the quarter, and the prospect of more to come, helped fixed income markets deliver solid returns. The portfolio's allocation to bonds returned +3.9% in aggregate with positive contributions coming from both our government and corporate exposure. The top performer was the NinetyOne Emerging Market Fund (+9.7%), which given its longer duration, benefited from interest rate cuts and expectations of faster monetary policy easing by the Fed and a weaker dollar.

The headline aggregate return of our alternative assets (-5.6%) was a detractor, with the private equity allocation (-17.6%) accounting for a negative contribution of -1.9% on the total portfolio. Of this, -1.5% alone came from Sway Accelerate IT Ventures (-51.1%) following the collapse of portfolio company Tally, a credit card debt management platform. Offsetting this, it was pleasing to see the liquid element of the alternative allocation performed well. We saw positive performance from Brevan Howard Absolute Return fund (5.7%) and the Schroder Diversified Alternative Asset Fund (5.7%), whilst Gold had another impressive quarter (+12.6%) as its price continues to be supported by the shift into a declining interest rate cycle and a desire for perceived safe-haven investments amid geopolitical tensions.

Market Outlook

Looking ahead, global growth remains relatively healthy and should be supported by the shift to more supportive monetary policy in the US, China, and Europe. At the same time, we remain cognisant of early signs that the US economy may be starting to cool, as job creation has slowed in recent months, and unemployment has steadily risen. Despite this, we believe the recent pullback in equity markets was overdone, and therefore took the opportunity to add to equities at a more attractive valuation at a time when the economic outlook remains broadly supportive, and fundamentals have not materially changed. Lower inflation and interest rates, along with strong consumer and corporate balance sheets, should allow the economy and corporate earnings to continue growing at a moderate pace.

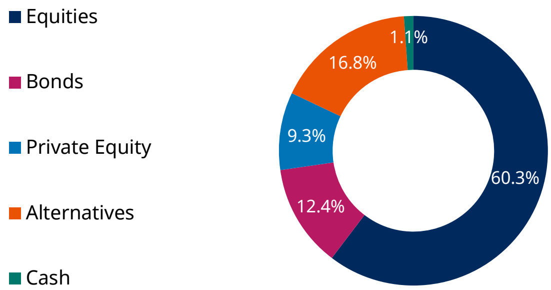
We continue to favour fixed income given the attractive yields available. While the Fed has begun the easing cycle with a larger-than-expected cut, we still expect it to follow a relatively cautious path. As a result, we have slightly reduced our exposure to longer-dated government bonds in favour of shorter-dated ones. The former are more sensitive to changes in interest rate expectations than the latter, so this move reduces our risk if interest rate expectations start to rise again.

Alternatives continue to face stiff competition from cash and bonds as sources of diversification, but we maintain our positive view on commodities and gold, in particular. Gold should act as a hedge against growth or inflation shocks while also providing diversification if geopolitical tensions remain elevated.

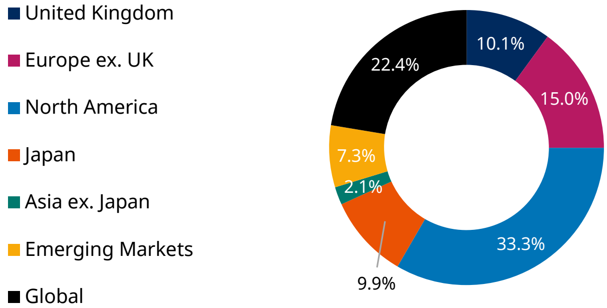
The US election remains too close to call, although a rising stock market in the months before the vote has often (but not always) coincided with victory for the incumbent party. Meanwhile, the risk of a regional war in the Middle East appears to be rising, while the conflict in Ukraine may also be entering a new phase. We could see further escalation in the run-up to the election or in its aftermath, creating short-term market volatility. Over the longer term, global equities have delivered impressive returns despite wars and other geopolitical shocks along the way. However, in the short term, geopolitical developments can cause significant volatility, and we remain very mindful of the risks. Understanding what different scenarios could mean for the economy and markets is perhaps the most important part of our approach to geopolitical risk. History suggests that positioning for the worst case is costly over the long term, and therefore, we maintain a pragmatic and active approach to making decisions in response to significant market-moving developments.

Asset allocation

Asset Mix



Equity Allocation



Holdings analysis

Top ten holdings	Sector	% NAV
SparInv EthicalValue-HM2 X-GBP-Inc	Global Equity	6.3%
Schroder Gl Citi RE -Z-GBP-Inc	Alternatives	4.8%
1.125 UK Gilt 31.01.2039	U.K Bonds	3.6%
Microsoft Corp	North America Equity	2.8%
Schroder Sust Div Alts -IS-GBP-Inc	Alternatives	2.7%
UBAM Impact EM Equity -YD-GBP-Inc	Emerging Markets Equity	2.5%
Alphabet -A- USD	North America Equity	2.4%
Unilever Rg	U.K Equity	2.1%
HSBC Glb Sus Healthcare -JD-GBP-Inc	Global Equity	2.0%
DFJ Growth 2006 LP	Private Equity	2.0%
Total:		**31.2%**

Source: Cazenove Capital & Pictet, as at 30 September 2024.

Asset allocation is subject to change.

Sustainability Insights

Portfolio equities *vs Global Equities*

People
Social Dividend

4.4%
vs -0.1%

Planet
Environmental Dividend

0.4%
vs -2.0%

Social and environmental 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.[1] Benchmark is MSCI All Countries World Index

Climate Dashboard

Portfolio equities *vs Global Equities*

Carbon footprint

60% lower

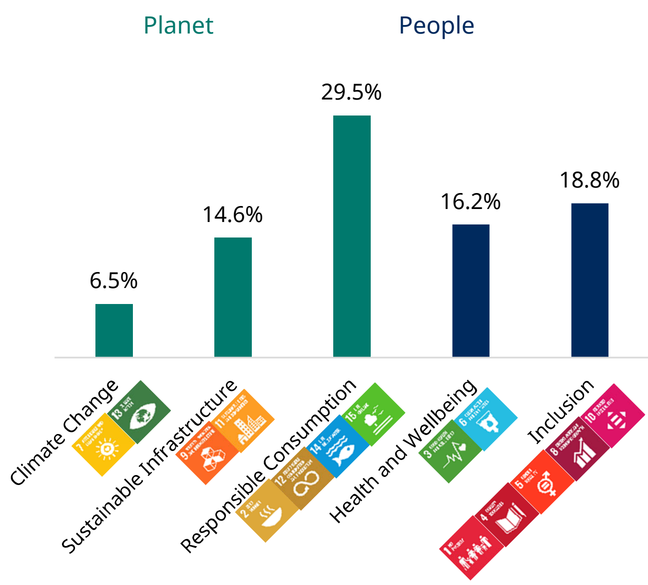
Implied temperature rise

2.0°C
vs 2.5°C

Carbon footprint based on the average Scope 1 and 2 carbon emissions (tonnes CO2e) of portfolio companies. Implied temperature rise based on projected emissions, i.e. targets and historical efforts across scopes 1, 2 & 3 over one time horizon. Benchmark is MSCI All Countries World Index

Sustainable Development Goals (SDG)

Equities alignment



Source: MSCI SDG alignment based on companies with any revenue from products and services that support the goals within the equity portfolio, grouped under our 5 key themes

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

Engagement: Governance

The social and environmental backdrop facing countries is changing rapidly. How governments choose to manage sustainability risks and opportunities through their policy agendas and spending has a material impact. As a steward of our clients' assets, we have a responsibility to actively engage legislators, regulators, trade associations, consumer organisations, and civil society on important issues that impact our clients' long-term investment returns. This includes a engaging with governments.
We have released a position statement to provide transparency on our engagement strategies with government.

Read more here:

[Engaging with policymakers](#)

Investment - Climate Change

Through the Lombard Odier Climate Bond Fund we have exposure to a National Grid green-bond, which funded a new electricity interconnector, The Viking Link, between the UK and Denmark, which is expected to provide enough electricity to supply 2.5m households. Given the low correlation between wind-generation output in the UK and Denmark, the interconnector will mean that surplus energy can be utilised in either country. Given the improved pricing in Denmark it is estimated The Viking Link will bring £500m in savings for UK consumers in the first ten years. Source: National Grid Group

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

Sustainable investing risk: The fund has environmental and/or social characteristics. This means it may have limited exposure to some companies, industries or sectors and may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the investment manager. The fund may invest in companies that do not reflect the beliefs and values of any particular investor. **Interest rate risk:** 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. **Currency risk:** 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. **Derivative risk:** 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. **Liquidity risk**: 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 and frontiers risk**: Emerging markets, generally carry greater political, legal, counterparty and operational risk. **Operational risk:** Failures at service providers could lead to disruptions of fund operations or losses.

MSCI usage information:

MSCI usage information: Certain information contained herein (the "Information") is sourced from/copyright of MSCI Inc., MSCI ESG Research LLC, or their affiliates ("MSCI"), or information providers (together the "MSCI Parties") and may have been used to calculate scores, signals, or other indicators. The Information is for internal use only and may not be reproduced or disseminated in whole or part without prior written permission. The Information may not be used for, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product, trading strategy, or index, nor should it be taken as an indication or guarantee of any future performance. Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund's assets under management or other measures. MSCI has established an information barrier between index research and certain Information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user assumes the entire risk of any use it may make or permit to be made of the Information. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the Information and each expressly disclaims all express or implied warranties. No MSCI Party shall have any liability for any errors or omissions in connection with any Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.