CAZENOVE
CAPITAL MANAGEMENT

CAZENOVE INVESTMENT FUND COMPANY

Annual short report
31st December 2013

Contents

* These, together with the Authorised Corporate Director's investment report for each sub-fund, collectively comprise the Authorised Corporate Director's report.

Introduction & general information

Introduction

I have pleasure in presenting the annual short report and financial statements for the Cazenove Investment Fund Company for the year ended 31 December 2013.

I hope you will find this report informative. In the following pages my colleagues have provided information on global economies, world markets and individual sub-fund performance.

Andrew Ross
Chairman

Cazenove Investment Fund Management Limited
On behalf of the Authorised Corporate Director
24 February 2014

General information

Cazenove Investment Fund Company

Cazenove Investment Fund Company ('CIFCo' or 'the Company') established as a UCITS Scheme is an umbrella company comprising a number of sub-funds which have their own investment objectives and policies. Its investment and borrowing powers and restrictions are prescribed by the Financial Conduct Authority's ('FCA') Collective Investment Schemes Sourcebook ('COLL') and the Open Ended Investment Companies Regulations 2001 (as amended) ('the OEIC Regulations'). At 31 December 2013 CIFCo had the following sub-funds:

Cazenove Managed Portfolio Fund

Cazenove UK Opportunities Fund

Cazenove UK Smaller Companies Fund

Cazenove UK Corporate Bond Fund

Cazenove European Fund

Cazenove UK Growth and Income Fund

Cazenove UK Equity Income Fund

Cazenove Strategic Bond Fund

Cazenove European Income Fund

This document has been designed to show the individual results of all the sub-funds. The long form version of the report is available on written request to the Corporate Communications Department, Cazenove Investment Fund Management Limited, 12 Moorgate, London EC2R 6DA.

Pricing

Each sub-fund can have several share classes with different characteristics. As a consequence, each share class has a different price. There is a single price for buying, selling and switching shares in each share class of the sub-funds of CIFCo. This price is derived from the net asset value of each sub-fund attributable to the relevant share class.

Risk factors

Equities

Funds investing in equities tend to be more volatile than funds investing in bonds, but also offer greater potential for growth. The value of the underlying investments in the equity sub-funds may fluctuate quite dramatically in response to activities and results of individual companies, as well as in connection with general market and economic conditions.

Introduction & general information (continued)

Bonds

Funds investing partly or wholly in bonds will tend to be less volatile than pure equity funds, as bonds are generally considered to be more secure, usually include a condition to repay the original sum at a specified date in the future and normally provide a fixed level of revenue. However, the capital value of a bond fund and the level of its revenue will still fluctuate. Investments in higher yielding bonds issued by borrowers with lower credit ratings may result in a greater risk of default and have a negative impact on revenue and capital value. Revenue payments may constitute a return of capital in whole or in part. Revenue may be achieved by foregoing future capital growth.

Certain sub-funds may invest in debt securities which are rated below investment grade or which are unrated. Shareholders should note that these securities may have a higher degree of risk than debt securities of investment grade. Investments in debt securities below investment grade may result in a sub-fund having a greater risk of loss of principal and interest than investments in debt securities which are deemed to be investment grade or higher.

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of below BBB or equivalent.

Currency exchange rates

Funds investing in overseas securities will be affected by currency fluctuations, in addition to usual stock market fluctuations. Currency fluctuations may adversely affect the value of a fund's investments and the revenue thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in shares. A significant portion of a sub-fund's assets may be denominated in a currency other than the base currency of a sub-fund or class. There is the risk that the value of such assets and/or the value of any distributions from such assets may decrease if the underlying currency in which assets are traded falls relative to the base currency in which shares of the relevant sub-fund are valued and priced. Sub-funds are not required to hedge their foreign currency risk, although they may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that a sub-fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of that sub-fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the sub-fund in circumstances where no such hedging transactions are undertaken.

Emerging markets

Funds investing in emerging markets around the world, which can be extremely volatile, involve a higher than average risk compared with funds covering established markets. For example, the systems and standards of trading, settlement, registration and custody of securities in these markets may not be as high as those of developed markets. In particular, some of the markets in which these funds may invest do not provide for settlement on a delivery versus payment basis and the risk in relation to such settlements has to be borne by the fund.

In addition, lack of liquidity and inefficiency in certain emerging stock markets and foreign exchanges may mean that securities are less marketable than in more developed markets, resulting in greater price fluctuation. Such markets can also experience significant currency volatility and, accordingly, the country may have exchange controls (types of controls that governments put in place to ban or restrict the amount of foreign or local currency that is allowed to be traded or purchased).

It should be remembered that the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of shareholder protection or information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

Liquidity consideration

The ACD's ability to invest and to liquidate the assets of the sub-funds invested in smaller companies may, from time to time, be restricted by the liquidity of the market for smaller company securities.

Effect of preliminary charge

Where a preliminary charge is imposed, an investor who redeems his shares may not get back the amount originally invested (even if the value of the relevant investments has not fallen). The shares should therefore be viewed as a medium to long term investment.

Charges to capital

Where the Prospectus states that all or part of the ACD's fee and/or other charges in respect of a sub-fund and/or class may be charged against capital rather than revenue, this will enhance revenue returns but may constrain future capital growth and/or result in an erosion of capital. Details of whether charges are made to capital or revenue for each sub-fund are detailed in Appendix 1 of the Prospectus.

Introduction & general information (continued)

Liabilities of the Company

The sub-funds are segregated portfolios of assets and, accordingly, the assets of each sub-fund belong exclusively to that sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other sub-fund, and shall not be available for any such purpose. Subject to the above, each sub-fund will be charged with the liabilities, expenses, costs and charges attributable to that sub-fund and within each sub-fund charges will be allocated as far as possible according to the net asset value of that particular share class. Any assets, liabilities, expenses, costs or charges not attributable to a particular sub-fund may be allocated by the ACD in a manner which it believes is fair to the shareholders generally. This will normally be pro rata to the net asset value of the relevant sub-funds.

Shareholders are not liable for the debts of the Company.

Shareholders are not liable to make any further payment to the Company after they have paid the purchase price of the shares.

Credit and settlement risk

Sub-funds will be exposed to credit risk on parties with whom they trade and may also bear the risk of settlement default. The ACD may instruct the Custodian to settle transactions on a delivery versus payment basis where the ACD believes that this form of settlement is appropriate. Shareholders should be aware, however, that this may result in a loss to the sub-fund if a transaction fails to settle and the Custodian will not be liable to the sub-fund or shareholders for such a loss.

Inflation risk

Inflation erodes the real value of investments and changes in the anticipated rate of inflation could lead to capital losses in the sub-fund's investments.

Political risks

The value of the sub-fund's assets may be affected by uncertainties, such as political developments, changes in government policies, taxation and currency repatriation and restrictions on foreign investment in some of the countries in which the sub-fund may invest.

Derivative instruments

Funds may employ certain derivative instruments and forward transactions for efficient portfolio management.

The Cazenove Managed Portfolio Fund, Cazenove UK Smaller Companies Fund, Cazenove UK Corporate Bond Fund, Cazenove Strategic Bond and Cazenove European Income Fund may use derivative instruments and forward transactions for efficient portfolio management and to meet the investment objectives of those sub-funds. The use of derivative and forward transactions for investment purposes involves special risks which may:

- significantly raise the risk profile of the sub-fund;
- increase the volatility of the sub-fund when taking additional market or securities exposure;
- depend on the ability of the ACD to predict movements in the prices of securities;
- place some reliance on the imperfect correlation between instruments and the underlying securities; and
- involve investing in instruments not traded on exchanges and not standardised, which in turn may involve negotiations on transactions on an individual basis.

Volatility

The following generic risks are particularly relevant in terms of the use of derivatives and forward transactions in the Cazenove UK Corporate Bond Fund and the Cazenove Strategic Bond Fund:

- Market risk: the risk of loss due to adverse market movements in assets held by the sub-fund or changes in the anticipated or calculated volatility of these movements.
- Interest rate risk: the risk associated with changes in interest rates which will impact the market value of assets held in the sub-fund.
- Credit risk: the risk that issuers of bonds and other credit instruments default.
- Foreign exchange risk: investing in overseas securities will be affected by currency fluctuations, in addition to usual stock market fluctuations. Where an asset is held in a currency denomination other than Sterling, the assets value will be affected by changes in exchange rates between the United Kingdom and the currency of the country in which the security is held.

Taxation

Derivatives held in the Cazenove UK Corporate Bond Fund and the Cazenove Strategic Bond Fund will be accounted for and taxed in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds. The way in which HM Revenue & Customs taxes derivatives held in collective investment schemes may change, which could adversely affect the tax paid by these sub-funds.

Minimum subsequent Investment

With effect from 1 October 2013 the X class shares minimum subsequent investment was reduced from £500,000 to £100,000.

Director's report & Directors' statement

Director's report

The Authorised Corporate Director ("ACD") presents its report and financial statements of the Company for the year ended 31 December 2013.

Authorised status

CIFCo is an investment company with variable capital under Regulation 12 of the OEIC Regulations, incorporated with limited liability in England and Wales and authorised by the FCA under Regulation 14 of the OEIC Regulations.

For information on the Company's ACD, Depositary, Independent Auditors, Administrator and Registrar please refer to page 37.

Incorporation and share capital

CIFCo is an investment company with variable capital incorporated with limited liability in England and Wales under number IC000030 and authorised by the FCA on 6 May 1999.

The maximum share capital of the Company is £500,000,000,000 and the minimum share capital is £100. The shares have no par value. The share capital of the Company at all times equals the net asset values of its sub-funds.

The base currency for the Company is United Kingdom Pounds Sterling ("Sterling"). The Company is of unlimited duration.

Significant events

On 18 February 2013 the Cazenove European Income Fund launched new A Income Hedged and X Income Hedged share classes.

On 8 May 2013 the Cazenove European Income Fund launched a new A Income share class and the Cazenove UK Equity Income Fund launched a new A Accumulation share class.

On 1 October 2013 Cazenove European Fund launched new L Income and L Accumulation share classes, Cazenove European Income Fund launched new L Income and L Accumulation share classes, Cazenove UK Corporate Bond Fund launched a new B Income share class Cazenove UK Equity Income Fund launched new B Accumulation, L Income and L Accumulation share classes, Cazenove UK Growth and Income Fund launched new L Income and L Accumulation share classes and Cazenove UK Opportunities Fund launched new D Income and D Accumulation share classes.

On 1 November 2013 Cazenove European Fund, Cazenove European Income Fund, Cazenove Managed Portfolio Fund, Cazenove Strategic Bond Fund, Cazenove UK Corporate Bond Fund, Cazenove UK Equity Income Fund, Cazenove UK Growth and Income Fund, Cazenove UK Opportunities Fund and Cazenove UK Smaller Companies Fund all launched a new S Income share class.

The new share classes were created due to client demand.

Cazenove Capital Holdings Limited ("Cazenove Capital") was the ultimate holding company of Cazenove Investment Fund Management Limited, the ACD of Cazenove Investment Fund Company prior to its acquisition by Schroders plc ("Schroders") on 2 July 2013.

On 25 March 2013, the boards of Schroders and Cazenove Capital announced that they had reached agreement on the terms of the recommended acquisition by Schroders of the entire issued and to be issued share capital of Cazenove Capital by way of Scheme of Arrangement.

All regulatory approvals were obtained, and the Royal Court of Jersey sanctioned the Scheme of Arrangement on 1 July 2013. The Scheme of Arrangement became effective on 2 July and an announcement was made on that date.

In order to integrate the two firms, we are making a number of changes to our combined business and fund range. With effect from 24 March 2014, the Cazenove Capital funds are changing names to:

- Cazenove Managed Portfolio Fund - Schroder Multi Manager Managed Portfolio Fund
- Cazenove UK Opportunities Fund - Schroder UK Opportunities Fund
- Cazenove UK Smaller Companies Fund - Schroder UK Dynamic Smaller Companies Fund
- Cazenove UK Corporate Bond Fund - Schroder UK Corporate Bond Fund
- Cazenove European Fund - Schroder European Opportunities Fund
- Cazenove UK Growth and Income Fund - Schroder Core UK Equity Fund
- Cazenove UK Equity Income Fund - Schroder UK Alpha Income Fund
- Cazenove Strategic Bond Fund - Schroder Strategic Credit Fund
- Cazenove European Income Fund - Schroder European Alpha Income Fund

We are also renaming the shares class names for some of the funds (e.g. B class for funds of Cazenove Investment Fund Company will be renamed as A class shares). For further information on how the share classes are named and fees that apply please see the details schedule in the investors letter to Shareholders.

To ensure that the quality of administration is consistent across all Schroder funds, we are making some changes to the service providers behind the funds. These changes will have no impact on the way the funds are managed and are simply part of a process Schroders is going through to simplify our operations.

Director's report & Directors' statement (continued)

Authorised Corporate Director
Cazenove Investment Fund Management Limited - Schroder Unit Trusts Limited

Manager
Cazenove Investment Fund Management Limited - Schroder Unit Trusts Limited

ISA Plan Manager
Cazenove Investment Fund Management Limited - Schroder Unit Trusts Limited

Investment Manager
Cazenove Investment Fund Management Limited - Schroder Investment Management Limited

Transfer Agent
JP Morgan Europe Limited - International Financial Data Services Limited

Registrar
JP Morgan Europe Limited - Schroder Unit Trusts Limited

Principal activities

The Company's principal activity is to carry on business as an open ended investment company. The Company is structured as an umbrella company and different sub-funds may be established by the ACD from time to time with the agreement of the Depositary and approval from the FCA.

The sub-funds are operated separately and the assets of each sub-fund are managed in accordance with the investment objective and policy applicable to that sub-fund.

Post Balance sheet event

On 19 February 2014, the CME exchange was added as an eligible derivatives market for Cazenove UK Corporate Bond Fund.

Economic and market overview

The economic backdrop

It is not just on the weather front that we have been faced with the repercussions of inclement conditions in the US. 2013 was a year that various waves of worry with regard to fiscal and monetary policy crossed the oceans to batter confidence in still fragile economies elsewhere in the world. Despite this, the year ended with the economic climate feeling more temperate, particularly in the UK where it became apparent that activity had gained considerably more momentum than had been widely anticipated.

It was only three months ago that temporary deadlock in the US political system, resulting in a failure to agree and enact legislation for government funding, threatened to cause a prolonged shut down of government. In the event, an agreement was reached after a couple of weeks, and the crisis passed. This was just one of a series of political clashes between Democrats and Republicans during the year, which started with the intense debate over the implementation of measures designed to curtail the budget deficit. The end result was that a fiscal tightening created something of a headwind for the economy during the year, but it was nowhere near as severe as it might have been.

Meanwhile, the guardians of US (and some would say world) monetary policy in the Federal Reserve (the Fed) were wrestling with how to bring to a close the prolonged period of quantitative easing (QE). A new policy concept, that of tapering, entered the dictionary of popular economics terms. Tapering, or gradually slowing the rate at which additional liquidity is added to the system, was widely expected to start in September. In the event, the Fed baulked at the last moment, only to announce after its December meeting that tapering would begin in January 2014. So, as we move into the new year, we will see the first very tentative steps towards policy normalisation. Even so, it will take most of 2014 before QE is actually concluded, and no one has yet begun to contemplate when or how monetary policy might begin to be tightened.

Throughout 2013, the world economy had to battle through the consequences not just of the machinations in US policy but also of fiscal tightening elsewhere in the developed world, a possible resurgence of the Eurozone debt crisis, a potential hard landing in China and various international political disturbances. More helpfully, the approach of central banks remained essentially dovish in both deed and word, and during the final months of the year there was more concrete reassurance from upside surprises in economic data in a majority of western economies.

After allowing for the appreciable tightening in fiscal policy and a gradual increase in long term interest rates during 2013, the performance of the US economy was reasonably impressive. The US has outperformed all other major industrialised economies since the peak of the previous cycle and is likely to remain the driver of global growth in 2014. With less of a fiscal headwind (equivalent to approximately -0.5% of GDP in 2014, down from -1.5% in 2013), we believe the economy should grow by 2.5%. Within this, we would hope to see an improving contribution from small and medium sized enterprises (SMEs). This would help provide the economy with greater resilience, most importantly through the positive impact it would have on the labour market. More generally, the US economy would benefit from the rising employment becoming associated with slightly stronger wage growth. Helped by stronger activity, the budget deficit should shrink further as tax receipts pick up, while the trade deficit should reflect the positive impact on imports from rising domestic energy output.

There are encouraging signs that Europe is now in a phase of recovery and realignment. In the UK, the economy grew appreciably faster in 2013 than was widely anticipated at the start of the year. Improved momentum was particularly evident in the second half of the year. Within the consumer economy,

Director's report & Directors' statement (continued)

there is no doubt that activity has been boosted by the help provided by the government to the housing market. More worryingly, while corporate confidence has recovered, capital investment levels have been disappointing and productivity growth has been disappointing as a result. While we expect growth to be faster in 2014 than in 2013, we believe there is a risk that expectations run ahead of reality. Sure, the UK economy is on the mend (and has probably grown more over the past couple of years than official statistics indicate). But, for the economy to develop more resilience, we must see productivity-based increases in real wages, and these can only come through once we have seen an upswing in the investment cycle.

In the Eurozone, the Purchasing Managers' Index (PMI) for manufacturing ended 2013 at a 31 month high, with Germany posting a robust reading while Spain and Italy improved further on rising new orders. Despite this, the situation within the euro area remains very mixed, and although we expect growth trends to improve in 2014, there will still be very evident stresses. Most positively, perhaps, growth in southern Europe appears to have resumed, albeit from a very low base. Germany should also post better numbers in the year ahead than in 2013, although its reliance on exports to Asia has hampered its recovery. At the weaker end of the scale, France remains hamstrung by confused macro policies and structural inflexibility. Generally, 2014 should see less drag from austerity, and some help from easier credit conditions and improving world trade. As in the UK, however, we need to see stronger corporate capital spending during the next phase of the cycle. Without this, the trends in productivity and wages will remain weak. It is interesting that the European Central Bank has focused more attention on falling price inflation over recent months – something that has persuaded it to continue to ease monetary policy. In our view, the greater deflationary threat comes not from lower consumer price inflation but from negative real wage growth.

Japan regained investors' attention in 2013 thanks to its bold economic revitalization plan, namely 'Abenomics', which encompasses fiscal, monetary and structural reform. The most obvious consequence of the Bank of Japan's (BOJ) unprecedented monetary easing has been the 17.7% slide in the yen. There is some evidence that greater competitiveness has boosted exports and that rising inflation expectations have helped trigger stronger growth in household spending – both of which have helped raise GDP growth. Other indicators, such as the manufacturing PMI, corporate confidence and labour market conditions, are also looking more positive, encouraging the view that Japan is now emerging from more than 15 years of deflation.

The constructive case for 2014 is based on the joint arguments that rising wage inflation will support stronger household spending and that improved corporate confidence and profitability will kick start the investment cycle. The risk to this assessment is that the drag from an impending hike in the consumption tax, which will take effect in April 2014, will delay the recovery in consumption and that renewed uncertainty will cause companies to hold back on capital investment. Reassuringly, the Japanese government has rolled out an offsetting package of fiscal measures and the BOJ is likely to ease if the negative impact of the hike in sales tax becomes too great. Against this backdrop, it is unlikely to be until later in 2014 that we can reach a firm conclusion on medium term prospects.

In China, activity stabilized toward the end of the third quarter after the government introduced mini fiscal stimulus and injected liquidity into the interbank market. Having said that, more recent indicators have been disappointing, raising concerns that the economy is set for a hard landing. Although it is clear that China aims to rebalance growth toward consumption, it is likely that investment will continue to drive growth in 2014. In policy terms, the People's Bank of China is likely to remain relatively flexible and as the reserve requirement ratio is at 20%, there is ample room for easing if activity continues to decelerate. After the third Plenum, the government rolled out a comprehensive reform package covering financial, economic and social aspects. As what are intended to be reforms come through, there should be clear longer term winners (private companies focused on the home market) and losers (state owned enterprises). Before this, the focus for 2014 will be the extent to which there has been a real loss of economic momentum.

Financial markets

Equities

2013 proved to be a very strong year for developed market (DM) equities. While investors' confidence was boosted by expectations of improved growth trends, support continued to be provided by accommodative monetary policies, Major DM equity indices posted notable total returns, with some closing the year at or near record levels. The Japanese Nikkei topped the league table, thanks to Abenomics, returning 59.3%. It was followed by the US S&P (+32.4%), the Spanish IBEX 35 (+27.8%), the German DAX (+25.5%), the European Stoxx 600 (+21.6%), the Italian FTSEMIB (+20.4%) and the UK FTSE All Share (+20.8%). Emerging market (EM) equities were the major laggards, with a negative total return from the MSCI EM Index of (2.4%) for the year, dragged by the Bovespa (-15.5%) and Shanghai Composite (-3.9%).

Although we remain constructive on equities as an asset class, increased valuations in developed markets suggest that returns during 2014 are likely to be more modest than in 2013. To the extent that returns achieved in 2013 were attributable to stronger growth expectations (resulting in appreciable Price/ Earning expansion), those expectations need to be validated by improved profits growth in 2014. We believe this leaves little

Director's report & Directors' statement (continued)

room for a further rerating during the year ahead. Accordingly, DM equity returns are likely to be less exciting but still positive, most likely dropping from double to single digit percentages.

As the cycle matures further in 2014, we will start to consider reducing exposure to cyclical sectors, rotating to those that that are likely to benefit from stable growth. Currently, we have a modest valuation based bias towards European market. This will be validated if we begin to see upwards earnings revisions in Europe. Within Europe, we are more positive on the UK. Elsewhere, we do not see the need to change our neutral stance on Japan. There is the potential for China to make greater headway in 2014 if early benefits from the government's recently announced reform plan appear to come through. The valuation of the Chinese equity market looks attractive but it is important to gain exposure through domestically focused companies.

Fixed income

Following the Fed's announcement that QE tapering would begin in January 2014, both the UK 10 year gilt yield and the 10 year US treasury yield moved back above 3%, albeit marginally. Amongst the major bond markets, total returns over 2013 for UK gilts (-4.2%), US treasuries (-3.3%) and German bunds (-2.2%) all ended in the red. Italian BTPs and Spanish government bonds returned 7.2% and 11.0%, respectively, as peripheral spreads continued to tighten. Continually undermined by the prospect of tapering, emerging market bonds continued to underperform, returning (-6.1%) during the year.

Turning to credit markets, UK, European and US high yield debt posted returns of 11.8%, 9.4% and 6.4%, respectively. Non investment grade returns were considerably more attractive when compared to investment grade corporate credit or government bonds.

Despite the increase in yields in 2013, 10 year government bonds (and investment grade corporate bonds) remain unattractive from an economic cycle and valuation perspective, with risk still skewed in one direction. Longer dated government bonds look more favourably valued but still yield only slightly more than equities. Given our concern that central banks are overly complacent on the medium term outlook for inflation, we will explore adding to index linked positions if inflation expectations continue to fall at the same time that conventional yields edge upwards.

Currencies

Given QE tapering and the relative strength of US economic data, the dollar index surprisingly ended 2013 close to where it was at the start of the year (+0.3%).The euro and sterling strengthened 4.2% and 1.9% versus the dollar during the year. The Japanese yen (-17.6%) and the Australian dollar (-14.2%) were the worst performing G10 currencies over the twelve months. The Japanese yen saw its worst year since 1979 as a result of Abenomics, while the Australian dollar came under persistent downward pressure as a result of the faltering commodity cycle and two rate cuts during the year. EM weakness was also a major theme in 2013 with the Indonesian rupiah (-19.5%), South African rand (-19.2%), and Turkish lira (-16.9%) amongst the biggest losers against the dollar.

While we do not have strong views on most of the major currencies, the Japanese yen is likely to continue to be undermined by the aggressive monetary easing which will remain in place for the next two years.

Results

The results for each sub fund are set out in detail in the relevant section of the report.

Charles Helmstetter

Cazenove Investment Fund Management Limited
On behalf of the Authorised Corporate Director
24 February 2014

Directors' statement

This report was approved for publication on 24 February 2014.

Charles Helmstetter Carolyn Sims

Directors of Cazenove Investment Fund Management Limited

Cazenove Managed Portfolio Fund

Authorised Corporate Director's investment report

Investment objective and policy

The Cazenove Managed Portfolio Fund's ("the Fund") investment objective is to deliver long term capital growth from a diversified portfolio of investments including equities, bonds, fixed interest, cash and any other permitted assets deemed appropriate to meet the investment objective. The Fund will seek to achieve a moderate income.

The Fund will invest both in the United Kingdom and in overseas markets.

The Fund will invest primarily through authorised unit trusts, open ended investment companies, exchange traded funds and other collective investment schemes. Where it is considered appropriate, the Fund may also invest in closed ended funds, individual transferable securities, money market instruments, deposits and/or other securities and instruments in which the Fund may invest.

The Fund may seek investment diversification by obtaining exposure to alternative asset classes including hedge funds, private equity, property and commodities through investment in closed ended funds and other securities and instruments in which the Fund may invest.

The Fund may utilise derivatives for efficient portfolio management purposes and may seek to protect capital through active asset allocation and the use of derivatives where appropriate.

Performance

The Fund returned +19.6% (B Accumulation share class) versus the in-house benchmark (composition shown on page 9) return of +14.8%, to outperform by +4.8% over the 12 months to 31 December 2013.

Our continued skew to areas of Western cyclical value in our equity holdings benefited performance through the year. In particular, overweights to both Europe and Japan provided strong relative returns with Invesco Perpetual European Equity Fund (+40.1%) and GLG Japan CoreAlpha Equity Fund (hedged USD) (+57.0%) assisting in this cause.

In what proved to be a difficult year for fixed interest assets, our ongoing underweight to this area, expressed through our relatively high cash balance, proved beneficial. Where exposure was sought – in flexible managers with low duration – positive returns were possible with the likes of M&G Optimal Income Fund producing +7.7%.

Weaker performers included small, tactical holdings in depressed, natural resource related areas added during the summer months. BlackRock Gold & General Fund produced -8.1% in the six months to the year end.

Market review

A positive final quarter of the year for broad equity markets brought to end a year where risk assets once again prospered with the tailwind of ongoing central bank intervention. Returns broadly mirrored the pattern of late 2012, with developed market equities – in particular in the US – leading the charge as emerging markets, government bonds and all things natural resource related continued to lag on a relative basis.

The eventual decision to taper US quantitative easing late in December was a welcome, albeit distant, glimpse of the finish line. However, it should not be forgotten amongst all the hubris that US authorities continue to inflate their balance sheet to the tune of US$75bn per month – not an insignificant figure, even in these times of wilful monetary abandon.

With equity markets continuing to hit near term highs, investor behaviour through the year pointed to this perception of an ongoing backstop. Market wobbles mid year (the so called 'taper tantrum'), quickly dissipated as the US Federal Reserve looked to allay fears that short term interest rates would move from their current lows. But this remains an increasingly risky premise in our eyes given the decreasing marginal impact of stimulus, a lack of valuation support and the knowledge that central bank balance sheets will have to shrink at some stage. Central bank action has undoubtedly reduced the tail risks in many markets. However, going forward it seems unlikely that markets will be able to deal as easily with potential macro economic wobbles or even earnings disappointments, given the significant gains already realised.

Fixed interest assets continue to price in a more 'normal' economic backdrop with interest rates on most Western government bonds back to their highs of the mid year taper tantrum. The ability of the now widely adopted 'forward guidance' policy directive to control the pace of interest rate adjustment will be one of the more interesting stories to follow in the new year. As we see in the summer, any sign of turmoil in bond markets are unlikely to go unnoticed in equity markets and, at the very least, this points to a period of greater volatility across asset classes.

Portfolio activity

In equity, our holding of Franklin Templeton UK Mid Cap Fund was switched into a new position in Franklin Templeton UK Smaller Companies Fund to reflect a desire to move away from the strongly performing Mid Cap area of the UK Stockmarket. A similar shift in our other UK holdings saw the strongly performing FIL UK Special Situations Fund reduced to fund a new holding in Majedie UK Equity Fund.

Through the summer months, we initiated two small positions in the natural resources space. BlackRock Gold & General Fund and JP Morgan Natural Resources Fund provide us liquid exposure to this still depressed space within equities.

Our alternatives exposure shifted with the retirement of a manager (Jupiter Absolute Return Fund) and a broader upturn in investor sentiment. This part of our portfolio continues to concentrate on uncorrelated or negatively correlated ideas relative to the rest of portfolio. As such, increases to our holding in the more flexible, relative value manager Majedie Tortoise Fund was noted and a new holding in Morgan Stanley Diversified Alpha Plus Fund was added.

Cazenove Managed Portfolio Fund (continued)

Outlook

Our strategy for much of 2013 has been to concentrate on those areas we felt had 'catch up' ability. Predominantly this meant selective, potentially under earning, cyclical areas in developed equity markets, across the likes of Europe and Japan.

Having benefited handsomely from being early into these areas, we find ourselves at the point where relative valuations no longer look as attractive. In addition, the stampede of newly bullish investors into markets at what appear more stretched levels makes us somewhat uncomfortable. Whilst by no means outright bearish, a degree of caution and a more balanced equity portfolio feels more appropriate to us at this stage.

As many investors will have noted, we have maintained a healthy cash balance through the year, predicated on our dislike of the opportunity set within fixed interest markets. Investment requires attractive valuations and we have never felt that we should deploy the optionality that cash provides simply for the sake of being fully invested – something which proved invaluable in the market wobbles through the early summer. Given the shift up in Western government bonds yields, though, there may be selective tactical opportunities in this space in periods of heightened volatility going forward.

Up to this point, our cash balance has not materially impacted longer term relative performance given the skew of our equity holdings and their degree of outperformance. We are mindful, though, that our portfolio structure today makes such relative performance susceptible to periods where both equity markets surge and bond yields fall in tandem. However, we assign a low probability to both of these events occurring at the same time from here. Undoubtedly, markets can run higher for longer than you expect. But in a scenario where sustainable economic growth drives equity markets ever upwards, we would expect fixed interest markets to react negatively and yields to increase accordingly. On the flip side, equity markets look vulnerable to any pullback in macro economic conditions. Of course, the experience of the last few years has highlighted the difficulty in remaining too dogmatic in the face of unexpected events, so we remain ever watchful with this in mind.

Synthetic risk & reward indicator

The synthetic risk and reward indicator ranges from 1 to 7, with 1 being the lowest risk. The risk and reward indicator for the Fund is 5.

The Fund invests in funds that buy bonds that pay a high rate of interest. The companies that issue these bonds may have uncertain futures and so there is a greater risk that the bond holders will not be paid interest on the bond and/or that they may not get their initial investment back. The Fund invests in funds that hold alternative investments where it may be difficult to sell the underlying assets and/or to get reliable information about the value of those assets. The Fund invests in funds that invest in stock markets of developing countries where share prices may fluctuate more markedly than in more developed economies and stock markets. Investment funds that invest in shares, bonds and other assets are subject to normal market fluctuations. There is no assurance that your investment will increase in value. Your original investment is not guaranteed. The value of the Fund may fluctuate significantly in response to the performance of individual companies, as well as in connection with market and economic conditions. The Fund's risk profile is based on historical data and this may not be a reliable indicator of its future risk profile. The lowest risk category does not mean an investment is risk free. The risk category shown is not a target or a guarantee and may change over time.

Fund facts

	Accounting date	**Distribution payment date**
Interim	30 June	31 August
Final	31 December	28 February

Performance record

	31.12.13	**31.12.12**	**Capital return % change**	**Total return % change**
FTSE All-Share Index (£)*	3,609.63	3,093.41	16.69	20.81
FTSE All World Ex UK Index (£)*	426.32	356.18	19.69	22.69
FTSE A Govt. All Stocks Index (£)*	159.46	172.01	(7.30)	(3.94)
UK IPD Property Index (£)*	948.02	854.81	10.90	10.90
HFRI Fund of Funds Composite (£)^**	3,311.58	3,101.53	6.77	6.77
Goldman Sachs Commodity Index (£)^^	2,915.90	3,007.70	(3.05)	(3.05)
Benchmark (Calculated in-house) (£)***	–	–	–	14.84

* Source: DATASTREAM. Total return includes reinvested income; capital return excludes income.
^ Source: Website (www.hedgefundresearch.com).
^^Source: Bloomberg.
** Due to the nature of the pricing of these investments, the indices are subject to change.
*** Benchmark description: 50% FTSE All-Share, 15% FTSE All World Ex UK, 10% FTSE A Govt. All Stock, 10% UK IPD, 10% HFRI, 5% GS Commodity.

	31.12.13 p	**31.12.12 p**	**Share price % change**	**Total return % change (net of tax)**
A Income****	179.47	150.03	19.62	19.86
A Accumulation****	225.53	188.16	19.86	19.86
B Accumulation****	213.83	178.85	19.56	19.56
S Income****	50.20	50.00+	0.40	0.40
X Accumulation****	234.30	194.98	20.17	20.17

**** Source: Lipper. Total return includes net income reinvested (mid-mid, basic tax); capital return excludes income.
\+ As at 1 November 2013, the share class launch date.

Cazenove Managed Portfolio Fund (continued)

Ongoing charges figure

An ongoing charges figure ("OCF") is shown which takes into account the management fee and all other operating expenses over the year and is expressed as a percentage of average daily assets over the same period. The OCF calculation includes a synthetic adjustment for the year to 31 December 2013 of 0.65% (31 December 2012: 0.80%) in respect of investments in other funds based on the year end net asset value.

	31.12.13 %	31.12.12 %
A Income	1.79	1.95
A Accumulation	1.79	1.94
B Accumulation	2.04	2.21
S Income	1.16	-
X Accumulation	1.54	1.70

Net asset value record

Date	Net asset value £	Number of shares in issue	Net asset value per share p
31 December 2013			
A Income	25,712,294	14,332,874	179.39
A Accumulation	13,069,039	5,797,333	225.43
B Accumulation	8,802,030	4,118,063	213.74
S Income*	1,505	3,000	50.18
X Accumulation	13,629,399	5,819,461	234.20
	61,214,267	**30,070,731**	
31 December 2012			
A Income	27,022,254	18,027,493	149.89
A Accumulation	11,426,367	6,074,651	188.10
B Accumulation	6,212,324	3,474,648	178.79
X Accumulation	1,615,636	828,864	194.92
	46,276,581	**28,405,656**	
31 December 2011			
A Income	31,094,796	23,228,876	133.86
A Accumulation	19,410,514	11,604,721	167.26
B Accumulation	5,567,318	3,492,952	159.39
X Accumulation	1,534,052	887,275	172.89
	57,606,680	**39,213,824**	

* S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Fund performance summary

Calendar year	Lowest price p	Highest price p	Distribution per share p
A Income			
2013	149.89	179.49	0.2327
2012	134.03	150.66	0.5899
2011	126.59	142.91	1.0543
2010	122.54	139.69	0.7507
2009	98.55	126.69	0.6610
A Accumulation			
2013	188.07	225.55	0.2913
2012	167.47	188.96	0.7399
2011	157.56	177.87	1.3133
2010	151.13	172.76	0.9113
2009	120.86	155.93	0.7574
B Accumulation			
2013	178.76	213.94	0.0410
2012	159.43	179.62	0.3818
2011	150.28	169.70	0.8459
2010	144.68	165.03	0.5127
2009	115.91	149.30	0.5528
S Income			
2013	49.37	50.20	0.0000
X Accumulation			
2013	194.88	234.30	0.5703
2012	173.22	195.78	1.2164
2011	162.72	183.64	1.7935
2010	155.50	178.12	1.3427
2009	124.07	160.38	1.0833

A Income shares and A Accumulation shares were first issued on 2 July 1999 at a price of 134.46p. X Accumulation shares were first issued on 22 February 2000 at a price of 154.46p. B Accumulation shares were first issued on 25 February 2002 at a price of 119.02p. S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Portfolio summary

	As at 31.12.13		As at 31.12.12	
	Market value £	Net assets %	Market value £	Net assets %
Equities	32,134,557	52.50	30,952,489	66.89
Alternatives	13,435,208	21.95	5,847,056	12.63
Fixed income	2,750,195	4.49	3,978,062	8.60
Net investment assets	**48,319,960**	**78.94**	**40,777,607**	**88.12**
Net other assets	**12,894,307**	**21.06**	**5,498,974**	**11.88**
Net assets attributable to shareholders	**61,214,267**	**100.00**	**46,276,581**	**100.00**

Cazenove Managed Portfolio Fund (continued)

Top ten holdings

As at 31.12.13	Percentage of net assets %
Schroder Special Situations Sterling Liquidity Plus Fund (I Accumulation)	9.81
Majedie UK Equity Fund (X Income)	7.00
Majedie Tortoise Fund (G GBP Accumulation)	5.92
GLG Japan CoreAlpha Professional Fund (D Distribution)	5.63
Franklin Templeton UK Smaller Companies Fund (W Accumulation)	5.17
Invesco European Equity Fund (Z Accumulation)	4.98
Investec UK Special Situations Fund (Income)	4.89
Artemis European Growth Fund (Accumulation)	4.07
BlackRock Asian Dragon Fund (A GBP Income)	3.97
Findlay Park American Fund (USD)	3.66

As at 31.12.12	Percentage of net assets %
Fidelity Special Situations Fund (Accumulation)	10.31
GLG Japan CoreAlpha Fund (I Hedged USD)	7.92
Cazenove European Equity (ex UK) Fund (EUR Income)	7.87
Findlay Park American Smaller Companies Fund (USD)	6.34
GLG UK Select Fund (C Accumulation)	5.39
M&G Optimal Income Fund (I Income)	5.34
Investec UK Special Situations Fund (Income)	5.25
Franklin Templeton UK Mid Cap Fund (A Income)	5.04
Jupiter Absolute Return Fund (Accumulation)	5.02
J O Hambro UK Opportunities Fund (Retail Income)	4.90

Cazenove UK Opportunities Fund

Authorised Corporate Director's investment report

Investment objective and policy

The Cazenove UK Opportunities Fund ("the Fund") aims to achieve an income return, together with long term capital growth, by investing in any economic sector of the UK market. The ACD invests predominantly in UK equities.

Performance

Over the year ended December 2013, the Fund returned +33.1% (B Accumulation share class) outperforming a rise in the benchmark (FTSE All Share Index) of +20.8% by +12.3%.

The significant outperformance of the Fund reflected strong returns from both the right business cycle positioning (or sector selection) and strong returns from stock selection. These returns were achieved well within our risk parameters. Our business cycle process is designed to capture beta and generate alpha. In 2013, our pro cyclical skew enabled us to capture beta in the market (over 80% of stocks in the FTSE 350 rose with a median return approaching 25%) and we generated alpha since our portfolio beta was around 1 for the year.

Specifically, the outperformance was driven by our pro-cyclical stance with an emphasis on industrial and consumer cyclical business cycle groupings and our decision to remain underweight commodity cyclical and value defensives. At the sector level our overweight stance in electronics, media and financial services and our underweight in mining all contributed positively to relative returns. On the negative side, our overweight in nonlife insurance and our underweight in mobile telecoms were unhelpful.

Market review

In the UK mid and small cap stocks led the market higher with the FTSE 250 Index +28.8% and Small Cap +40.2%. The FTSE 100 Index underperformed the broader market +14.4%. Business cycle factors dominated in 2013 with industrial, consumer and financial stocks leading. Commodities were the weakest performers. If the conditions exist for equities in general to increase further it seems unlikely that these sectors will fall again.

Despite the angst over the taper debate equity markets rose on the actual announcement. We should not forget that liquidity is still pouring into financial markets. There has not been a move in monetary policy but we have begun to see some changes to macro prudential policies and the long end of the yield curve has risen. This should serve to temper leverage growth and remove some of the froth in junk debt markets and keep the probability of a 'big' market wide correction down.

Portfolio activity

In 2013 we looked to reduce our exposure to consumer cyclicals after a good run, selling out of easyJet and taking substantial profits in Howden Joinery. We have also reduced financial holdings selling Lloyds Banking, Aviva and 3i. We have reinvested some of the proceeds into lower rated financials such as Ashmore and Aberdeen Asset Management. We have maintained the fund's pro-cyclical stance through industrial cyclicals, adding exposure to larger cap names such as Smiths and adding to Melrose. We have reduced our underweight in commodity cyclicals adding Rio Tinto and Royal Dutch Shell. In defensives we have sold highly rated Diageo and Babcock International reinvesting in lower rated Pearson, while adding to Reed Elsevier and National Express.

Outlook

Right now, we do not see either bulls or bears dominating the market call. As we enter the sixth year of this equity 'bull' market we are closer to the highpoint of expectation without delivery for this cycle. Earnings now need to start beating forecasts. We think this can happen as we are still in the early part of the economic recovery. We do not expect any sudden dislocation in trend from 2013 but the riskiest period for markets is likely to be the first quarter reporting period.

We are minded to stay pro-cyclical; beyond the world of financial asset price inflation there is little sign of inflation anywhere else. A period of benign inflationary pressure may allow the market one more big move up. So long as the improvement in the real economy is steady and nothing occurs to force the Fed to tighten ahead of time. Overall we expect UK equities can still perform well in 2014 but we expect dispersion and volatility will rise.

Synthetic risk & reward indicator

The synthetic risk and reward indicator ranges from 1 to 7, with 1 being the lowest risk. The risk and reward indicator for the Fund is 6.

The Fund will invest in medium and smaller sized companies and it may have a more concentrated portfolio of shares than is usual in most funds. This Fund's share price may fluctuate more than funds that invest entirely in larger sized companies and/or those which hold a larger number of investments. Investments in shares and/or bonds is subject to normal market fluctuations. There is no assurance that your investment will increase in value. Your original investment is not guaranteed. The value of the Fund may fluctuate significantly in response to the performance of individual companies, as well as in connection with market and economic conditions. The Fund's risk profile is based on historical data and this may not be a reliable indicator of its future risk profile. The lowest risk category does not mean an investment is risk free. The risk category shown is not a target or a guarantee and may change over time.

Cazenove UK Opportunities Fund (continued)

Fund facts

	Accounting date	Distribution payment date
Interim	30 June	31 August
Final	31 December	28 February

Performance record

	31.12.13	31.12.12	Capital return % change	Total return % change
FTSE All-Share Index (£)*	3,609.63	3,093.41	16.69	20.81

* Source: DATASTREAM. Total return includes reinvested income; capital return excludes income.

	31.12.13 p	31.12.12 p	Share price % change	Total return % change (net of tax)
A Income**	323.75	246.96	31.09	33.69
A Accumulation**	428.29	320.25	33.74	33.74
B Accumulation**	394.28	296.31	33.06	33.06
D Income**	52.18	50.00+	4.36	4.36
D Accumulation**	52.18	50.00+	4.36	4.36
S Income**	50.26	50.00*	0.52	0.52
X Income**	432.48	329.85	31.11	34.03
X Accumulation**	449.13	334.98	34.08	34.08

** Source: Lipper. Total return includes net income reinvested (mid-mid, basic tax); capital return excludes income.
\+ As at 1 October 2013, the share class launch date.
* As at 1 November 2013, the share class launch date.

Ongoing charges figure

An ongoing charges figure (“OCF”) is shown which takes into account the management fee and all other operating expenses over the year and is expressed as a percentage of average daily assets over the same period.

	31.12.13 %	31.12.12 %
A Income	1.06	1.07
A Accumulation	1.06	1.07
B Accumulation	1.56	1.57
D Income	0.73	-
D Accumulation	0.73	-
S Income	0.43	-
X Income	0.81	0.83
X Accumulation	0.81	0.82

Net asset value record

Date	Net asset value £	Number of shares in issue	Net asset value per share p
31 December 2013			
A Income	122,730,107	38,170,812	321.53
A Accumulation	126,878,686	29,628,344	428.23
B Accumulation	505,656,964	128,264,584	394.23
D Income+	1,559	3,000	51.96
D Accumulation+	1,565	3,000	52.18
S Income*	1,504	3,000	50.14
X Income	712,876,653	166,179,900	428.98
X Accumulation	1,299,311,670	289,331,282	449.07
	2,767,458,708	**651,583,922**	
31 December 2012			
A Income	73,308,302	29,972,600	244.58
A Accumulation	85,225,692	26,658,185	319.70
B Accumulation	212,411,009	71,809,837	295.80
X Income	225,069,595	68,979,240	326.29
X Accumulation	391,621,345	117,112,127	334.40
	987,635,943	**314,531,989**	
31 December 2011			
A Income	37,991,686	20,360,013	186.60
A Accumulation	38,106,628	15,971,571	238.59
B Accumulation	76,188,239	34,340,820	221.86
X Income	6,806,926	2,736,223	248.77
X Accumulation	50,327,853	20,230,529	248.77
	209,421,332	**93,639,156**	

\+ D Income shares and D Accumulation shares were first issued on 1 October 2013 at a price of 50.00p.
* S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Cazenove UK Opportunities Fund (continued)

Fund performance summary

Calendar year	Lowest price p	Highest price p	Distribution per share p
A Income			
2013	250.64	325.30	5.5766
2012	186.59	250.45	4.7872
2011	168.53	207.38	3.6116
2010	153.10	189.06	3.4019
2009	97.91	160.67	3.5787
A Accumulation			
2013	327.84	430.34	7.3148
2012	240.67	324.78	6.1597
2011	213.41	262.60	4.2948
2010	188.29	235.79	4.2525
2009	117.21	195.87	4.3204
B Accumulation			
2013	303.30	396.51	5.0157
2012	223.78	300.53	4.4278
2011	198.81	244.78	3.3373
2010	176.72	220.35	3.0089
2009	110.55	183.94	3.2843
D Income			
2013	49.13	52.41	0.2130
D Accumulation			
2013	49.13	52.41	0.2130
S Income			
2013	48.13	50.34	0.1173
X Income			
2013	334.38	434.37	8.4217
2012	251.02	334.49	7.1538
2011	239.82	253.42	0.0225
X Accumulation			
2013	342.93	451.09	8.6765
2012	251.10	339.68	7.2069
2011	222.44	273.63	5.9424
2010	195.49	245.35	4.9779
2009	121.38	203.30	4.9426

A Income shares, Accumulation shares and X Accumulation shares were first issued on 2 July 1999 at a price of 135.27p. B Accumulation shares were first issued on 25 February 2002 at a price of 110.56p. X Income shares were first issued on 1 December 2011 at a price of 250.64p. D Income shares and D Accumulation shares were first issued on 1 October 2013 at a price of 50.00p. S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Top ten holdings

As at 31.12.13	Percentage of net assets %
Rio Tinto	6.57
Royal Dutch Shell 'B'	5.02
Barclays	4.47
Melrose	4.32
Legal & General	3.86
Pearson	3.71
Reed Elsevier	3.53
Ashmore	3.19
Aberdeen Asset Management	3.11
GKN	2.85

As at 31.12.12	Percentage of net assets %
Barclays	4.16
Lloyds Banking	3.88
Aviva	3.64
GKN	3.61
Diageo	3.59
Legal & General	3.56
Reed Elsevier	3.54
RSA Insurance	3.31
Babcock International	3.31
Howden Joinery	3.25

Portfolio summary

	As at 31.12.13		As at 31.12.12	
	Market value £	Net assets %	Market value £	Net assets %
Consumer services	707,522,037	25.57	230,417,262	23.33
Financials	545,313,323	19.71	279,028,032	28.25
Industrials	481,893,927	17.41	272,169,680	27.56
Technology	257,031,479	9.29	37,522,285	3.80
Basic materials	231,731,251	8.37	14,947,080	1.51
Oil and gas	214,565,500	7.75	7,352,341	0.74
Consumer goods	141,700,142	5.12	71,144,900	7.20
Health care	137,268,932	4.96	35,887,060	3.64
Net investment assets	**2,717,026,591**	**98.18**	**948,468,640**	**96.03**
Net other assets	**50,432,117**	**1.82**	**39,167,303**	**3.97**
Net assets attributable to shareholders	**2,767,458,708**	**100.00**	**987,635,943**	**100.00**

Cazenove UK Smaller Companies Fund

Authorised Corporate Director's investment report

Investment objective and policy

The Cazenove UK Smaller Companies Fund's ("the Fund") investment objective is to achieve long term capital growth by investing primarily in UK smaller companies. The Fund will invest at least 80 per cent of its assets in UK listed companies that form the bottom 10 per cent by market capitalisation. The Fund may also invest in companies which are headquartered or have significant activities in the UK which are quoted on a stock exchange outside the UK.

The ACD seeks to invest in high quality smaller companies that are capable of producing shareholder value through above average growth in earnings and dividends over the medium to long term. The Fund should benefit from holding a broadly spread portfolio of such companies which will dilute the specific risk inherent in smaller company investment. The Fund will usually maintain a portfolio predominantly invested in equities. It is the intention of the ACD that transactions in derivative instruments may be entered into for efficient portfolio management purposes. Any transaction in derivatives would be undertaken on a covered basis. The borrowing powers permitted by the FCA Rules may be utilised from time to time.

Performance

Over the year to 31 December 2013, the Fund returned +48.1% (X Accumulation share class) against a benchmark return of +43.9%.

Market review

2013 was another very strong year for smaller companies as a whole, the Fund managed to comfortably outperform the peer group and the benchmark again. The Fund exhibited similar characteristics to 2012 with a modest start and a strong mid year period when wider markets were more nervous.

Earnings expectations for the year were for a strong bounce from the declines of 2012 and to some extent the strong performance of indices in 2012 demanded this. In the event it proved to be a second year of earnings rebasing downwards to end flat for the year while share prices continued to rise. Value was a good place to be, especially where stocks were being rehabilitated by the market like Premier Foods, Wincanton or Johnson Service. While the rising tide lifted all boats, those that moved the furthest for us were generally where upgrades rather than downgrades were the norm such as Xaar , Clinigen and Telford Homes. We saw a strong recovery in the market for new issues as the year progressed and we took part in a number of successful debuts such as Stock Spirits, Crest Nicholson and Arrow Global. However, we were less successful with two financial Initial Public Offerings (IPOs), Esure and Partnership Assurance. We also saw the return of merger and acquisition (M&A) to the market in Q4 with bids for Manroy and Andor Technology both from trade buyers.

Portfolio activity

In addition to the new names mentioned above from the IPO market, other significant investments included Marston's, the UK regional brewer and Cranswick the field to fork pork producer and processor. We also took a significant stake in bathroom equipment maker Norcros and drug company BTG in placings. We exited mid caps Renishaw and Ultra Electronics after periods of strong performance, and Chemring and SDL after profits warnings. We also exited our long term position in Elementis having made in c10x our money from the point of initial purchase. We took some profits in car dealers Pendragon and Vertu Motors after strong periods of performance. In a period of strong asset growth we also sold a few names that we felt we would struggle to build into meaningful positions such as Consort Medical, Gresham Computing and Dart.

Outlook

We believe upgrades will be ever more important to deliver performance in the coming months as scope for upward rerating looks limited. You will recall that the last two years have been a story of high earning per share (EPS) growth expectations in January followed by sequential earnings downgrades but strong share price performance. So if earnings do go up 15% this time then the average small cap will probably match that rise, if they don't then 13.5x looks full. Therefore our focus is on finding the best prospects for earnings growth and positive surprises thereof. We don't operate in a vacuum in this quest, and therefore it is not surprising that we've been involved in plenty of new issues and fundraisings where some of this potential is more modestly rated in return for the risk of unproven businesses at the point of floatation.

Synthetic risk & reward indicator

The synthetic risk and reward indicator ranges from 1 to 7, with 1 being the lowest risk. The risk and reward indicator for the Fund is 6.

The Fund invests in small companies which may be risky and may be difficult to sell with the result that the Fund's share prices may fluctuate more markedly than a fund that invests in larger companies. Investments in shares and/or bonds is subject to normal market fluctuations. There is no assurance that your investment will increase in value. Your original investment is not guaranteed. The value of the Fund may fluctuate significantly in response to the performance of individual companies, as well as in connection with market and economic conditions. The Fund's risk profile is based on historical data and this may not be a reliable indicator of its future risk profile. The lowest risk category does not mean an investment is risk free. The risk category shown is not a target or a guarantee and may change over time.

Cazenove UK Smaller Companies Fund (continued)

Fund facts

	Accounting date	Distribution payment date
Interim	30 June	31 August
Final	31 December	28 February

Performance record

	31.12.13	31.12.12	Capital return % change	Total return % change
FTSE Small Cap Index (excluding investment trusts) (£)*	4,014.92	2,862.91	40.24	43.86

* Source: DATASTREAM. Total return includes reinvested income; capital return excludes income.

	31.12.13 p	31.12.12 p	Share price % change	Total return % change (net of tax)
A Income**	299.12	203.62	46.90	47.74
A Accumulation**	330.78	223.87	47.76	47.76
B Accumulation**	309.35	210.41	47.02	47.02
S Income**	52.49	50.00+	4.98	4.98
X Income**	342.41	233.07	46.91	48.12
X Accumulation**	348.21	235.07	48.13	48.13

** Source: Lipper. Total return includes net income reinvested (mid-mid, basic tax); capital return excludes income.
\+ As at 1 November 2013, the share class launch date.

Ongoing charges figure

An ongoing charges figure ("OCF") is shown which takes into account the management fee and all other operating expenses over the year and is expressed as a percentage of average daily assets over the same period.

	31.12.13 %	31.12.12 %
A Income	1.07	1.11
A Accumulation	1.06	1.11
B Accumulation	1.57	1.61
S Income	0.44	-
X Income	0.81	0.85
X Accumulation	0.81	0.86

Net asset value record

Date	Net asset value £	Number of shares in issue	Net asset value per share p
31 December 2013			
A Income	76,597,975	25,816,681	296.70
A Accumulation	95,486,463	29,065,496	328.52
B Accumulation	581,578,131	189,289,479	307.24
S Income+	1,562	3,000	52.06
X Income	74,595,736	21,989,395	339.24
X Accumulation	395,166,097	114,265,465	345.83
	1,223,425,964	**380,429,516**	
31 December 2012			
A Income	41,190,926	20,465,161	201.27
A Accumulation	42,481,531	19,179,179	221.50
B Accumulation	107,752,597	51,754,503	208.20
X Income	20,173,430	8,766,626	230.12
X Accumulation	108,002,041	46,437,560	232.57
	319,600,525	**146,603,029**	
31 December 2011			
A Income	17,779,779	12,069,688	147.31
A Accumulation	10,412,385	6,465,259	161.05
B Accumulation	27,829,994	18,293,043	152.13
X Income	1,087,600	645,635	168.45
X Accumulation	31,678,526	18,779,502	168.69
	88,788,284	**56,253,127**	

\+ S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Cazenove UK Smaller Companies Fund (continued)

Fund performance summary

Calendar year	Lowest price p	Highest price p	Distribution per share p
A Income			
2013	205.70	299.12	1.5403
2012	149.20	203.62	1.1494
2011	144.00	180.92	2.0794
2010	106.50	149.13	1.6183
2009	60.59	113.81	0.8874
A Accumulation			
2013	226.37	330.78	1.6849
2012	163.11	223.87	1.2749
2011	156.72	196.88	2.2511
2010	113.49	160.25	1.7104
2009	64.00	120.88	0.8689
B Accumulation			
2013	212.75	309.35	0.7432
2012	154.06	210.41	0.6289
2011	148.06	186.42	1.3676
2010	108.08	152.12	1.0353
2009	61.28	115.43	0.4561
S Income			
2013	50.03	52.49	0.0773
X Income			
2013	235.19	342.41	2.5219
2012	170.61	233.07	1.8854
2011	164.14	171.49	0.2331
X Accumulation			
2013	237.70	348.21	2.5104
2012	170.85	235.07	1.7984
2011	164.14	205.97	2.7989
2010	118.40	167.43	2.1431
2009	66.52	125.89	1.2186

A Income, Accumulation and X Accumulation were first issued on 2 July 1999 at a price of 59.98p. B Accumulation shares were first issued on 25 February 2002 at a price of 72.11p. X Income shares were first issued on 1 December 2011 at a price of 169.96p. S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Top ten holdings

As at 31.12.13	Percentage of net assets %
Xaar	3.79
Clinigen	2.47
Marston's	2.02
BTG	1.96
Stock Spirits	1.94
John Menzies	1.76
Crest Nicholson	1.73
Cranswick	1.67
Norcros	1.63
British Polythene Industries	1.60

As at 31.12.12	Percentage of net assets %
Perform	3.79
Telford Homes	2.67
Vitec	2.63
Xaar	2.50
John Menzies	2.50
Low & Bonar	2.40
Renishaw	2.26
British Polythene Industries	2.25
Wandisco	2.23
Smart Metering Systems	2.19

Portfolio summary

	As at 31.12.13		As at 31.12.12	
	Market value £	Net assets %	Market value £	Net assets %
Industrials	382,949,236	31.30	132,367,299	41.42
Consumer services	308,799,319	25.24	70,148,213	21.95
Technology	149,559,171	12.23	52,912,159	16.55
Consumer goods	112,706,937	9.21	4,342,809	1.36
Financials	70,383,494	5.75	30,334,479	9.50
Health care	46,356,886	3.79	6,719,441	2.10
Basic materials	28,043,665	2.29	13,766,180	4.30
Telecommunications	16,875,000	1.38	-	-
Utilities	6,016,302	0.49	-	-
Net investment assets	**1,121,690,010**	**91.68**	**310,590,580**	**97.18**
Net other assets	**101,735,954**	**8.32**	**9,009,945**	**2.82**
Net assets attributable to shareholders	**1,223,425,964**	**100.00**	**319,600,525**	**100.00**

Cazenove UK Corporate Bond Fund

Authorised Corporate Director's investment report

Investment objective and policy

The Cazenove UK Corporate Bond Fund ("the Fund") aims to achieve a high income return together with capital growth by investing primarily in fixed income instruments including bonds, notes of fixed and variable interest, preference shares, convertible and other securities issued by government, quasi-government, supranational, bank and corporate entities, and derivative instruments.

The Fund may use forward foreign currency exchange transactions, credit default swaps, interest rate and government bond futures, and other exchange traded and off exchange traded derivative contracts for the purposes of efficient portfolio management and/or meeting the investment objectives of the Fund. Such derivative contracts have the potential to significantly increase the Fund's risk profile.

The ACD employs a risk management process that seeks to control the volatility of Fund returns.

The Fund's net exposure to non-investment grade instruments, as determined by the ACD, may not exceed 20 per cent of net asset value.

Performance

The Fund return approximately +1.1% (B Income share class) over the year compared to the Bank of America Merrill Lynch Sterling non Gilt Index return of +0.8%. Outperformance was largely attributable to the Fund's relatively short duration.

Market review

The gilt market saw yields rise steadily through to mid February as the lack of any real bad news from Europe and the extension to the US debt ceiling negotiation deadline boosted risk appetites. 10 year gilt yields rose from 1.8% at the end of 2012 to a high of 2.3% during this phase. However, there was a sharp turnaround at the end of February as US politicians bumbled their way into automatic budget cuts. Weak UK economic data and concerns over Cyprus helped push that yield down to 1.6% again in early April. The announcement by the US Federal Reserve (the Fed) of its intention to start reining in its Quantitative Easing (QE) program caused extreme volatility in the markets in the second quarter. Yields moved steadily higher with 10 year gilts hitting 3%. This move was halted when the Fed surprised markets at its September meeting by not reducing its stimulus after all. Bond yields, in general, fell for a while partly in reaction to the sharp rise in yields over the previous few months and partly due to a weakening in economic data, particularly in Europe. The latter was sufficient to force the European Central Bank to cut its main refinancing rate to 0.25% from 0.5% at its November meeting. This backdrop proved very positive for risk markets. Over the year as a whole, yields in general rose markedly with 10 year gilt yields rising 1.2% to 3.02% - the highest since July 2011. Credit outperformed gilts significantly with the average sterling investment grade yield spread falling from 1.75% to 1.20%.

When the Fed did announce a modest reduction in its QE bond purchases, markets took it in their stride. This reaction was prompted by the Fed's statement of their intention to keep official interest rates lower for even longer than many had assumed.

Portfolio activity

Holdings were reduced in a few more volatile/less liquid issues such as junior subordinated bank bonds, Telecom Italia and sold Telefonica. The Fund subscribed to new issues from Affinity Water, Kelda, Anglian Water, Virgin Media, Pennon, Arqiva, AT&T (in Euros), Verizon (in dollars) and BUPA, which was sold later in the year. The Fund added long dated bonds of LCR (HS1 rail link), Network Rail, and Lloyds Banking (covered). Duration was lengthened from 5.9 to 6.3 vs benchmark 7.7.

Outlook

With the economic outlook continuing to strengthen especially for developed markets, the momentum has been for higher yields and strong risk markets. There is probably a bit more to go in this direction in the short term but it's always worth considering how much adjustment has been made already. For example, 10 year gilt yields hit a low of 1.41 % in July 2012 and are now 3.02%. The implied level of 5 year gilt yields in five years time is approaching 4.5% or 1.6% higher than in April. This level is close to the consensus forecast level of nominal Gross Domestic Product growth over the next few years – around 4.6% across 2014 and 2015 according to Bloomberg's survey. Similarly credit spreads have travelled a very long way and are back to 2007 levels. So a lot of positive news has been priced in and/or negative risks priced out.

Central banks will have an increasingly tough job juggling the need to withdraw stimulus without seeing yields spike ever higher. Consider also that many of the fundamental headwinds we have mentioned over the years are not any closer to resolution. Take as examples Europe's fundamentally flawed nature as a currency area or the worsening demographics in much of the developed world. The International Monetary Fund warns of the historically extreme debt burdens in the developed world and the potential need for a wave of debt restructurings in coming years. It seems likely that these and other problems will continue to raise their heads in the coming months and years and provide us with significant investment opportunities.

Cazenove UK Corporate Bond Fund (continued)

Synthetic risk & reward indicator

The synthetic risk and reward indicator ranges from 1 to 7, with 1 being the lowest risk. The risk and reward indicator for the Fund is 4.

The Fund buys bonds that pay a high rate of interest. The companies that issue these bonds may have uncertain futures and so there is a greater risk that the bond holders will not be paid interest on the bond and/or that they may not get their initial investment back. The Fund buys securities (known as derivatives) whose price is dependent upon or derived from one or more underlying assets. Such investments can significantly raise the Fund's risk profile and cause its share price to fluctuate. Since many derivatives have a borrowing component, changes in the value of the underlying shares or bonds can cause a loss to the Fund which is substantially greater than the amount invested in the derivative itself. Investment in bonds and other fixed interest securities is subject to normal market fluctuations. There is no assurance that your investment will increase in value. Your original investment is not guaranteed. The value of the Fund may fluctuate significantly in response to the performance of individual companies, as well as in connection with market and economic conditions. The Fund's risk profile is based on historical data and this may not be a reliable indicator of its future risk profile. The lowest risk category does not mean an investment is risk free. The risk category shown is not a target or a guarantee and may change over time

Fund facts

	Accounting date	Distribution payment date
Interim	N/A	31 May
Interim	30 June	31 August
Interim	N/A	30 November
Final	31 December	28 February

Performance record

	31.12.13	31.12.12	Capital return % change	Total return % change
Bank of America Merrill Lynch Sterling Non Gilt (£)*	300.11	297.84	0.76	0.76

* Source: DATASTREAM. Total return includes reinvested income; capital return excludes income.

	31.12.13 p	31.12.12 p	Share price % change	Total return % change (net of tax)
A Income**	57.04	58.52	(2.53)	1.37
A Accumulation**	110.31	108.83	1.36	1.36
B Income**	58.16	59.83	(2.79)	1.11
B Accumulation**	58.18	58.13+	0.09	0.09
S Income**	49.31	50.00*	(1.38)	(1.38)
X Income**	109.74	112.33	(2.31)	1.63
X Accumulation**	115.88	114.04	1.61	1.61

** Source: Lipper. Total return includes net income reinvested (mid-mid, basic tax); capital return excludes income.
\+ As at 1 October 2013, the share class launch date.
* As at 1 November 2013, the share class launch date.

Ongoing charges figure

An ongoing charges figure ("OCF") is shown which takes into account the management fee and all other operating expenses over the year and is expressed as a percentage of average daily assets over the same period.

	31.12.13 %	31.12.12 %
A Income	0.86	0.86
A Accumulation	0.86	0.86
B Income	1.11	1.11
B Accumulation	1.11	-
S Income	0.48	-
X Income	0.61	0.61
X Accumulation	0.61	0.61

Net asset value record

Date	Net asset value £	Number of shares in issue	Net asset value per share p
31 December 2013			
A Income	75,886,992	134,946,250	56.23
A Accumulation	18,043,404	16,420,241	109.89
B Income	20,493,788	35,736,438	57.35
B Accumulation+	3,247,316	5,602,932	57.96
S Income*	1,464	3,000	48.80
X Income	35,859,143	33,141,800	108.20
X Accumulation	42,563,892	36,871,873	115.44
	196,095,999	**262,722,534**	
31 December 2012			
A Income	102,025,005	177,061,128	57.62
A Accumulation	17,407,126	16,084,571	108.22
B Income	29,801,434	50,588,135	58.91
X Income	24,145,773	21,833,206	110.59
X Accumulation	56,172,645	49,531,556	113.41
	229,551,983	**315,098,596**	
31 December 2011			
A Income	112,739,690	210,818,787	53.48
A Accumulation	19,980,108	20,732,246	96.37
B Income	26,657,440	48,636,267	54.81
X Accumulation	45,874,511	45,538,797	100.74
	205,251,749	**325,726,097**	

\+ B Accumulation shares were first issued on 1 October 2013 at a price of 58.13p.
* S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Cazenove UK Corporate Bond Fund (continued)

Fund performance summary

Calendar year	Lowest price p	Highest price p	Distribution per share p
A Income			
2013	56.33	59.86	2.2715
2012	53.83	58.54	2.3382
2011	53.03	56.27	2.4736
2010	52.31	57.33	2.4939
2009	46.94	53.71	2.2507
A Accumulation			
2013	106.91	113.44	4.3302
2012	97.01	108.87	4.2837
2011	92.52	99.12	4.3316
2010	86.10	96.89	4.1845
2009	74.48	87.42	3.5967
B Income			
2013	57.52	61.14	2.3209
2012	55.17	59.85	2.3944
2011	54.38	57.73	2.5377
2010	53.89	58.95	2.5697
2009	48.45	55.34	2.3325
B Accumulation			
2013	58.12	59.30	0.6057
S Income			
2013	49.44	50.00	0.3180
X Income			
2013	108.25	114.98	4.3704
2012	105.46	112.37	2.7878
X Accumulation			
2013	112.18	118.98	4.5446
2012	101.40	114.08	4.4855
2011	96.48	103.50	4.5214
2010	89.55	100.90	4.3663
2009	77.28	90.91	3.7691

A Income shares and A Accumulation shares were first issued on 2 July 1999 at a price of 57.66p. X Accumulation shares were first issued on 19 December 2000 at a price of 62.13p. B Income shares were first issued on 25 February 2002 at a price of 60.15p. X Income shares were first issued on 11 May 2012 at a price of 106.50p. B Accumulation shares were first issued on 1 October 2013 at a price of 58.13p. S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Top ten holdings

As at 31.12.13	Percentage of net assets %
Annington Finance No.4 0% Bonds 10/01/2023	2.24
Friends Provident 12% Guaranteed Subordinated Notes 21/05/2021	2.07
Coventry Building Society 6% Senior Unsecured Notes 16/10/2019	2.04
RWE Finance 6.125% Guaranteed Medium Term Notes 06/07/2039	1.84
Annington Finance No.4 0% Bonds 07/12/2022	1.82
Iberdrola 7.375% European Medium Term Notes 29/01/2024	1.77
LCR Finance 4.5% Guaranteed Asset Backed Notes 07/12/2028	1.74
Nationwide Building Society 5.625% Medium Term Notes 09/09/2019	1.72
Treasury 4.75% Stock 07/12/2038	1.70
Royal London Finance 6.125% Perpetual Bonds	1.65

As at 31.12.12	Percentage of net assets %
Treasury 4.75% Stock 07/12/2038	3.90
Treasury 6% Stock 07/12/2028	3.10
Coventry Building Society 6% Senior Unsecured Notes 16/10/2019	1.80
Friends Provident 12% Guaranteed Subordinated Notes 21/05/2021	1.80
GE Capital UK Funding 5.625% Bonds 25/04/2019	1.72
RWE Finance 6.125% Guaranteed Medium Term Notes 06/07/2039	1.70
Annington Finance No.4 0% Bonds 07/12/2022	1.64
Nationwide Building Society 5.625% Medium Term Notes 09/09/2019	1.53
Iberdrola 7.375% European Medium Term Notes 29/01/2024	1.46
Royal London Finance Variable Perpetual Bonds Notes 16/10/2019	1.41

Portfolio summary

	As at 31.12.13		As at 31.12.12	
	Market value £	Net assets %	Market value £	Net assets %
United Kingdom corporate bonds	149,594,202	76.29	158,148,403	68.89
Overseas corporate bonds	33,694,742	17.18	41,887,832	18.25
United Kingdom government bonds	5,288,090	2.70	17,938,600	7.82
Derivatives	(35,175)	(0.02)	(585,499)	(0.26)
United Kingdom equities	-	-	106,860	0.05
Net investment assets	**188,541,859**	**96.15**	**217,496,196**	**94.75**
Net other assets	**7,554,140**	**3.85**	**12,055,787**	**5.25**
Net assets attributable to shareholders	**196,095,999**	**100.00**	**229,551,983**	**100.00**

Cazenove European Fund

Authorised Corporate Director's investment report

Investment objective and policy

The Cazenove European Fund's ("the Fund") investment objective is to achieve long term capital growth by investing in any or all European markets, excluding the UK, and any or all economic sectors.

The Fund aims to maximise the overall rate of return with capital growth as the primary goal. The ACD seeks to invest in a diversified list of companies. Industry groups exhibiting above average growth prospects, strong financial characteristics and proven management are emphasised. A stock selection process seeks to balance value and growth without imposing restrictions upon the size of market capitalisation. Additional diversification is provided by a flexible country allocation strategy.

Performance

Over the year the Fund returned +31.8% (B Accumulation share class) compared to the FTSE World Europe (Ex UK) Index in sterling, which returned +25.2%.

Market review

2013 will go down in market history as the year the bull market in bonds came to an end, and investors finally gave up on commodities and emerging markets. As a result of the price earnings ratio (PER) expansion developed equity market returns were driven by a rise in valuations rather than strength in fundamentals as measured by corporate earnings. The main driver of this process in the first half of the year was the continued rerating of secure or growth assets, which unusually even outperformed in the first quarter. This favoured the US equity market, high quality investment bonds, and sectors such as Food and Beverage and Personal Care. The investment landscape shifted markedly on 22 May 2013 when the Federal Reserve of the US signaled the end of their bond purchasing program, which caused bond like equities and emerging markets and commodities to collapse in June. The second half of the year was all about mean reversion, as the valuations of low risk and high risk began to converge again after a long period of divergence. This process favoured peripheral European economies which had begun to register some Gross Domestic Product growth and more cyclical sectors such as industrials, financials, and consumer cyclicals.

Portfolio activity

We began the year with a value bias but increased it further over the first half year, as we increased weightings in financials via Unicredit and Mediolanum in Italy, and Ageas in Belgium, reflecting our view of rising yields which is positive for banks and insurers. We also moved overweight industrial cyclicals in the light of improving survey data from manufacturers, by adding engineers Sulzer and SKF, and car component supplier Valeo, as we expect global car production to rise in the second half. As a result of rising bond yields we sold growth stocks, like Remy Cointreau, and growth defensives like Sodexo, especially those with exposure to emerging markets, which have seen weaker demand growth. We also see value in Spain and Italy, as their economies try to escape recession, and made these overweight positions in the second half of the year, adding Gamesa in Spain and Intesa SanPaolo in Italy. This was funded by selling down stocks with exposure to struggling France, such as Air France and BIC.

Outlook

Europe has finally moved out of recession in the second half of 2013, and as the peripheral markets see their bond yield spread with Germany come down, the virtuous circle of lower cost of capital should fuel faster growth as the banking sector restores its profitability. As a result of the Asset Quality Review by the European Central Bank, banks should be in a position to respond to credit demand as it picks up slowly over the year, so finally ending the credit crunch in 2014. The biggest risk to this is the political risk of the European Parliamentary elections in May when an anti Europe vote could do surprisingly well in France, where recession still lingers. We shall be more cautious in the spring ahead of these elections, but we remain fundamentally positive on the upturn in European earnings in 2014. Rising bond yields in the US should mean price earning ratios can no longer expand and so earnings must grow for markets to make progress in 2014.

Synthetic risk & reward indicator

The synthetic risk and reward indicator ranges from 1 to 7, with 1 being the lowest risk. The risk and reward indicator for the Fund is 6.

The Fund invests primarily in European shares. As such it may face increased risk because of currency movements. For example many of the shares bought for the Fund will be valued in euros so the value of your investment will fall if the value of sterling rises against the euro. Investments in shares and/or bonds is subject to normal market fluctuations. There is no assurance that your investment will increase in value. Your original investment is not guaranteed. The value of the Fund may fluctuate significantly in response to the performance of individual companies, as well as in connection with market and economic conditions. The Fund's risk profile is based on historical data and this may not be a reliable indicator of its future risk profile. The lowest risk category does not mean an investment is risk free. The risk category shown is not a target or a guarantee and may change over time.

Cazenove European Fund (continued)

Fund facts

	Accounting date	Distribution payment date
Interim	30 June	N/A
Final	31 December	28 February

Performance record

	31.12.13	31.12.12	Capital return % change	Total return % change
FTSE World Europe (Ex. UK) Index (£)*^	430.40	355.63	21.02	25.18

* Source: DATASTREAM. Total return includes reinvested income; capital return excludes income.
^ This relates to the FTSE World Index.

	31.12.13 p	31.12.12 p	Share price % change	Total return % change (net of tax)
A Income**	600.97	518.17‡	15.98	15.98
A Accumulation**	600.95	453.53	32.51	32.51
B Accumulation**	569.73	432.14	31.84	31.84
L Income**	53.91	50.00*	7.82	7.82
L Accumulation**	53.91	50.00*	7.82	7.82
S Income**	50.64	50.00+	1.28	1.28
X Income**	589.01	452.35	30.21	32.80
X Accumulation**	626.23	471.40	32.84	32.84

** Source: Lipper. Total return includes net income reinvested (mid-mid, basic tax); capital return excludes income.
‡ As at 8 May 2013, the share class launch date.
* As at 1 October 2013, the share class launch date.
\+ As at 1 November 2013, the share class launch date.

Ongoing charges figure

An ongoing charges figure ("OCF") is shown which takes into account the management fee and all other operating expenses over the year and is expressed as a percentage of average daily assets over the same period.

	31.12.13 %	31.12.12 %
A Income	1.10	-
A Accumulation	1.10	1.10
B Accumulation	1.60	1.60
L Income	0.77	-
L Accumulation	0.77	-
S Income	0.47	-
X Income	0.85	0.85
X Accumulation	0.85	0.85

Net asset value record

Date	Net asset value £	Number of shares in issue	Net asset value per share p
31 December 2013			
A Income‡	7,654,985	1,300,811	588.48
A Accumulation	137,473,322	22,900,589	600.30
B Accumulation	388,589,045	68,280,110	569.11
L Income*	1,615	3,000	53.85
L Accumulation*	1,615	3,000	53.85
S Income+	1,518	3,000	50.58
X Income	42,193,315	7,331,615	575.50
X Accumulation	224,303,170	35,856,807	625.55
	800,218,585	**135,678,932**	
31 December 2012			
A Accumulation	172,703,935	38,320,438	450.68
B Accumulation	362,321,570	84,372,136	429.43
X Income	67,573,781	15,338,120	440.56
X Accumulation	233,856,486	49,920,973	468.45
	836,455,772	**187,951,667**	
31 December 2011			
A Accumulation	146,438,204	39,105,668	374.47
B Accumulation	332,225,743	92,633,788	358.64
X Income	65,197,694	17,500,512	372.55
X Accumulation	241,524,120	62,211,379	388.23
	785,385,761	**211,451,347**	

‡ A Income shares were first issued on 8 May 2013 at a price of 518.17p.
* L Income shares and L Accumulation shares were first issued on 1 October 2013 at a price of 50.00p.
\+ S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Cazenove European Fund (continued)

Fund performance summary

Calendar year	Lowest price p	Highest price p	Distribution per share p
A Income			
2013	484.41	603.33	11.8289
A Accumulation			
2013	460.24	603.31	11.8213
2012	359.43	459.10	7.9778
2011	342.44	479.53	8.4637
2010	378.59	453.29	6.5225
2009	286.82	451.01	8.1319
B Accumulation			
2013	438.49	572.00	8.7211
2012	343.48	437.51	5.6858
2011	328.41	460.78	6.0973
2010	365.30	437.93	4.4935
2009	278.38	436.76	6.1607
L Income			
2013	50.25	54.12	0.0000
L Accumulation			
2013	50.25	54.12	0.0000
S Income			
2013	48.37	50.84	0.0000
X Income			
2013	449.97	591.31	12.8829
2012	357.97	457.87	8.9536
2011	354.79	496.34	9.7038
2010	391.04	466.49	7.0550
X Accumulation			
2013	478.40	628.67	13.6982
2012	373.06	477.16	9.3317
2011	349.32	488.68	9.8099
2010	391.03	467.87	7.6064
2009	295.32	464.99	9.5080

A Accumulation shares and X Accumulation shares were first issued on 2 July 1999 at a price of 241.21p. B Accumulation shares were first issued on 25 February 2002 at a price of 217.60p. X Income shares were first issued on 1 April 2010 at a price of 464.66p. A Income shares were first issued on 8 May 2013 at a price of 518.17p. L Income shares and L Accumulation shares were first issued on 1 October 2013 at a price of 50.00p. S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Top ten holdings

As at 31.12.13	Percentage of net assets %
Total	4.27
Roche	3.81
BNP Paribas	3.54
Novartis (Registered)	3.16
Bayer	3.08
Zodiac Aerospace	2.81
Siemens	2.72
Societe Generale	2.70
AXA	2.68
KBC Groep	2.49

As at 31.12.12	Percentage of net assets %
Roche	3.83
Bayer	3.70
BNP Paribas	3.33
AXA	3.20
SAP	3.19
LVMH Moet Hennessy Louis Vuitton	3.09
Deutsche Telekom	2.73
Sanofi	2.62
BMW	2.54
Henkel Ag & Co	2.43

Portfolio summary

	As at 31.12.13		As at 31.12.12	
	Market value £	Net assets %	Market value £	Net assets %
France	207,289,434	25.90	255,214,291	30.51
Germany	157,632,752	19.70	232,816,278	27.83
Switzerland	155,047,668	19.38	174,456,217	20.86
Spain	79,775,871	9.97	16,570,520	1.98
Italy	61,823,659	7.73	47,396,674	5.67
Belgium	36,738,061	4.59	27,070,681	3.24
Denmark	25,481,035	3.18	-	-
Norway	22,546,621	2.82	29,607,873	3.54
Finland	13,968,073	1.74	-	-
Sweden	11,047,755	1.38	22,109,343	2.64
Netherlands	3,588,849	0.45	17,819,882	2.13
United States of America	59	-	79	-
Net investment assets	**774,939,837**	**96.84**	**823,061,838**	**98.40**
Net other assets	**25,278,748**	**3.16**	**13,393,934**	**1.60**
Net assets attributable to shareholders	**800,218,585**	**100.00**	**836,455,772**	**100.00**

Cazenove UK Growth and Income Fund

Authorised Corporate Director's investment report

Investment objective and policy

The Cazenove UK Growth and Income Fund ("the Fund") aims to achieve long term capital and income growth through investment primarily in the United Kingdom. Investments will be made predominantly in UK equities, fixed interest and other securities.

Performance

The Fund returned +25.8% (X Accumulation share class) versus +20.8% for the FTSE All Share Index (close on close, Factset estimates). Positives included overweights in Financial Services, Media and Automobiles & parts, underweights in Tobacco, Beverages and Gas & Water; overweights in outperforming 3i, International Consolidated Airlines and Daily Mail & General Trust and underweights in BHP Billiton, Standard Chartered and Royal Dutch Shell. Negatives included overweights in Mining and Oil & Gas Producers, underweights in Mobile Telecommunications and Household Goods; overweights in Anglo American, Spirent Communication and Premier Oil and underweights in Vodafone, BT and Rolls Royce.

Market review

The FTSE All Share Index returned +20.8%; the FTSE100 Index, +18.7%; the FTSE250 Index +32.3% and the FTSE Small Cap Index +43.9%. The best sectors were Automobiles (+39% relative), Fixed Line Telecom (+39%) and Forestry & Paper (+34%); the weakest, Metals (-39%), Mining (-28%) and Oil Services (-18%).

Portfolio activity

We increased Commodity Cyclicals, adding to Mining by buying BHP Billiton and increasing Glencore Xstrata and Rio Tinto; in Oils we augmented Hunting and Royal Dutch Shell. We added to Industrial Cyclicals, buying Electrocomponents, Fenner, GKN, Hellermanntyton and Morgan Advanced Materials. Subsequent re-ratings prompted disposals of Regus. These investments were financed by reductions of re-rated Consumer Cyclicals and Financials. In consumers, we sold Carnival and Howden Joinery and top sliced Carphone Warehouse, Daily Mail & General Trust, International Consolidated Airlines, Marks & Spencer and WPP. Regarding Financials, we sold 3i and ICAP and trimmed Barclays, Jupiter Fund Management, Lloyds Banking, London Stock Exchange, Prudential and Workspace. In defensives, we bought Royal Mail, Pearson and Britvic and added to Imperial Tobacco and Tesco. Other purchases included Amlin, Ashmore, Foxtons, Hammerson, Marston's and RPC. We sold Babcock International, Invensys and Synergy and reduced AstraZeneca, BP, BG and Vodafone.

Outlook

The outlook is encouraging given an improving global economy and the nascent policy normalisation of US Federal Reserve tapering. Other positives include a US budget deal while reforms in China and Japan are promising. Lowish growth, low inflation and low rates are supportive factors while high cash levels and increasing investment should drive corporate volume, earnings and dividend growth. Given this background, we expect further positive returns from an attractively valued UK market (PE for 2015 of 11.9x and yield of 4.1%) and we maintain a pro-cyclical tilt.

Synthetic risk & reward indicator

The synthetic risk and reward indicator ranges from 1 to 7, with 1 being the lowest risk. The risk and reward indicator for the Fund is 6.

Investments in shares and/or bonds is subject to normal market fluctuations. There is no assurance that your investment will increase in value. Your original investment is not guaranteed. The value of the Fund may fluctuate significantly in response to the performance of individual companies, as well as in connection with market and economic conditions. The Fund's risk profile is based on historical data and this may not be a reliable indicator of its future risk profile. The lowest risk category does not mean an investment is risk free. The risk category shown is not a target or a guarantee and may change over time.

Fund facts

	Accounting date	Distribution payment date
Interim	30 June	31 August
Final	31 December	28 February

Performance record

	31.12.13	31.12.12	Capital return % change	Total return % change
FTSE All Share Index (£)*	3,609.63	3,093.41	16.69	20.81

* Source: DATASTREAM. Total return includes reinvested income; capital return excludes income.

	31.12.13 p	31.12.12 p	Share price % change	Total return % change (net of tax)
A Income**	196.10	161.64	21.32	25.45
A Accumulation**	280.78	223.72	25.51	25.51
B Income**	186.02	154.11	20.71	24.82
B Accumulation**	266.77	213.63	24.87	24.87
L Income**	52.97	50.00+	5.94	5.94
L Accumulation**	52.97	50.00+	5.94	5.94
S Income**	50.73	50.00*	1.46	1.46
X Income**	201.79	165.91	21.63	25.76
X Accumulation**	289.21	229.87	25.81	25.81

** Source: Lipper. Total return includes net income reinvested (mid-mid, basic tax); capital return excludes income. + As at 1 October 2013, the share class launch date. * As at 1 November 2013, the share class launch date.

Cazenove UK Growth and Income Fund (continued)

Ongoing charges figure

An ongoing charges figure ("OCF") is shown which takes into account the management fee and all other operating expenses over the year and is expressed as a percentage of average daily assets over the same period.

	31.12.13 %	31.12.12 %
A Income	1.08	1.09
A Accumulation	1.08	1.09
B Income	1.58	1.59
B Accumulation	1.58	1.59
L Income	0.76	-
L Accumulation	0.76	-
S Income	0.46	-
X Income	0.83	0.84
X Accumulation	0.83	0.84

Net asset value record

Date	Net asset value £	Number of shares in issue	Net asset value per share p
31 December 2013			
A Income	43,191,882	22,322,316	193.49
A Accumulation	17,309,580	6,171,662	280.47
B Income	20,823,832	11,345,587	183.54
B Accumulation	125,689,156	47,166,543	266.48
L Income+	1,578	3,000	52.61
L Accumulation+	1,587	3,000	52.91
S Income*	1,515	3,000	50.51
X Income	89,288,096	44,843,945	199.11
X Accumulation	71,304,790	24,681,934	288.89
	367,612,016	**156,540,987**	
31 December 2012			
A Income	42,012,838	26,396,957	159.16
A Accumulation	17,426,428	7,801,546	223.37
B Income	22,402,141	14,763,886	151.74
B Accumulation	98,315,702	46,094,937	213.29
X Income	78,141,707	47,832,532	163.37
X Accumulation	49,663,625	21,639,653	229.50
	307,962,441	**164,529,511**	
31 December 2011			
A Income	55,522,596	38,314,690	144.91
A Accumulation	18,568,409	9,456,509	196.36
B Income	36,415,209	26,224,539	138.86
B Accumulation	123,426,442	65,498,144	188.44
X Income	123,791,002	83,435,469	148.37
X Accumulation	51,510,958	25,596,798	201.24
	409,234,616	**248,526,149**	

+ L Income shares and L Accumulation shares were first issued on 1 October 2013 at a price of 50.00p.
* S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Fund performance summary

Calendar year	Lowest price p	Highest price p	Distribution per share p
A Income			
2013	163.32	196.10	5.8692
2012	139.56	163.40	5.3072
2011	133.01	169.05	5.3194
2010	131.33	165.89	4.5146
2009	94.77	149.06	4.7272
A Accumulation			
2013	229.20	280.78	8.3049
2012	189.11	226.16	7.2566
2011	177.26	221.32	7.0219
2010	169.95	214.67	5.7545
2009	116.01	186.49	5.7885
B Income			
2013	155.70	186.02	5.5828
2012	133.44	155.79	5.0734
2011	127.39	162.40	5.1016
2010	126.56	159.48	4.3481
2009	91.94	144.09	4.5725
B Accumulation			
2013	218.85	266.77	7.9123
2012	181.11	215.96	6.9479
2011	170.10	213.03	6.7470
2010	164.09	206.79	5.5770
2009	112.70	180.61	5.6630
L Income			
2013	50.00	54.08	0.2943
L Accumulation			
2013	49.35	52.97	0.2943
S Income			
2013	48.42	50.73	0.1627
X Income			
2013	167.64	201.79	6.0312
2012	143.04	167.71	5.4401
2011	136.09	172.70	5.4381
2010	133.97	169.41	4.6111
2009	96.34	151.80	4.8184
X Accumulation			
2013	235.49	289.21	8.5391
2012	194.02	232.36	7.4458
2011	181.54	226.34	7.1852
2010	173.53	219.46	5.9146
2009	118.00	190.07	5.9598

A Income shares, A Accumulation shares, B Income shares, B Accumulation shares, X Income shares and X Accumulation shares were first issued on 31 December 2002 at a price of 100.00p. L Income shares and L Accumulation shares were first issued on 1 October 2013 at a price of 50.00p.
S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Cazenove UK Growth and Income Fund (continued)

Portfolio summary

	As at 31.12.13		As at 31.12.12	
	Market value £	Net assets %	Market value £	Net assets %
Financials	80,190,249	21.81	74,594,749	24.22
Consumer services	63,631,071	17.31	43,295,514	14.07
Oil and gas	63,465,747	17.26	56,309,834	18.28
Industrials	50,684,509	13.80	37,634,992	12.21
Basic materials	38,245,615	10.40	31,775,882	10.32
Health care	29,227,567	7.95	36,096,040	11.73
Consumer goods	16,779,807	4.57	4,101,830	1.33
Telecommunications	10,285,089	2.80	11,759,104	3.82
Technology	7,854,789	2.13	8,443,558	2.74
Net investment assets	**360,364,443**	**98.03**	**304,011,503**	**98.72**
Net other assets	**7,247,573**	**1.97**	**3,950,938**	**1.28**
Net assets attributable to shareholders	**367,612,016**	**100.00**	**307,962,441**	**100.00**

Top ten holdings

As at 31.12.13	Percentage of net assets %
Royal Dutch Shell 'B'	4.92
GlaxoSmithKline	4.70
BP	4.46
Rio Tinto	4.35
Barclays	3.38
BG	3.04
HSBC	2.99
Vodafone	2.80
Glencore Xstrata	2.72
Imperial Tobacco	2.48

As at 31.12.12	Percentage of net assets %
BP	5.95
GlaxoSmithKline	4.97
Royal Dutch Shell 'B'	3.92
BG	3.83
Vodafone	3.82
Rio Tinto	3.69
HSBC	3.58
AstraZeneca	3.55
Barclays	3.39
Anglo American	3.22

Cazenove UK Equity Income Fund

Authorised Corporate Director's investment report

Investment objective and policy

The UK Equity Income Fund ("the Fund") aims to provide a high level of income together with long term capital growth by investing predominantly in United Kingdom equities. Whilst the Fund will invest primarily in United Kingdom equities it may also invest in fixed interest securities, cash, deposits and money market instruments and in other markets.

Performance

Over the year to 31 December 2013 the Fund returned +28.8% (B Income share class) against a benchmark total return of +20.8% (FTSE All Share Index).

Market review

Markets delivered another strong year with the FTSE All Share Index recording a total return of +20.8% led higher by Mid and Small Caps which were up over 32% and 43% respectively. At the sector level Consumer and Industrial Cyclicals dominated returns with Automobiles & parts, Paper, Industrial Transport and Travel & Leisure sectors the best of these cyclical areas. Conversely, Commodity Cyclicals (mainly Oils and Miners) were the worst performing parts of the market as commodity prices drifted and the economic growth in emerging markets waned. With the exception of Telecommunications, most defensive areas also lagged the rising market with Utilities, Food & Drug Retailers and Tobacco all underperformed in the period.

Performance review

At the sector level the Fund benefitted from overweight positions in the Travel & Leisure, Media and Financials Services sectors and underweights in the Oil & Gas and Mining sectors. On the negative tack, overweight positions in Food & Drug Retailers, Oil Equipment and General Retailers and the underweight position in the Mobile Telecommunications sector held back returns. Key stock drivers to performance included easyJet, ITV and DS Smith within cyclicals while Financials also added value via holdings in 3i, Beazley and Legal & General among others. Detractors to overall performance were positions in John Wood, Partnership Assurance and Ladbrokes and the Fund's underweight exposures to Prudential and Lloyds Banking which delivered substantial outperformance against the market.

Portfolio activity

Over the period the Fund reduced its preference for early cycle cyclicals, with disposals of easyJet, Taylor Wimpey, WH Smith and WPP. The proceeds were used to reduce the underweight in Commodity Cyclicals, establishing a new holding in Glencore Xstrata and adding to the existing position in Rio Tinto. Elsewhere the Fund selectively added exposure to defensive stocks such as BT and Vodafone.

Outlook

After three years in which earnings forecast have been reduced, we anticipate an upgrade cycle as the economic recovery broadens out. After the strong performance of early cycle assets such as Consumer Cyclicals we are tilting the portfolio towards later cycle assets including Industrial Cyclicals and selectively to Defensive Growth stocks which will be better placed for the maturing business cycle. In addition, with the current yield on the market at 3.4% and the potential for robust dividend growth over the next twelve months, the outlook for UK income seeking investors remains positive.

Synthetic risk & reward indicator

The synthetic risk and reward indicator ranges from 1 to 7, with 1 being the lowest. The risk and reward indicator for the Fund is 6.

Investments in shares and/or bonds is subject to normal market fluctuations. There is no assurance that your investment will increase in value. Your original investment is not guaranteed. The value of the Fund may fluctuate significantly in response to the performance of individual companies, as well as in connection with market and economic conditions. The Fund's risk profile is based on historical data and this may not be a reliable indicator of its future risk profile. The lowest risk category does not mean an investment is risk free. The risk category shown is not a target or a guarantee and may change over time.

Fund facts

	Accounting date	Distribution payment date
Interim	30 June	31 August
Final	31 December	28 February

Performance record

	31.12.13	31.12.12	Capital return % change	Total return % change
FTSE All Share Index* (£)	3,609.63	3,093.41	16.69	20.81

* Source: DATASTREAM. Total return includes reinvested income; capital return excludes income.

	30.12.13 p	31.12.12 p	Share price % change	Total return % change (net of tax)
A Income**	169.05	135.84	24.45	29.44
A Accumulation**	172.73	155.60†	11.01	11.01
B Income**	161.79	130.67	23.82	28.80
B Accumulation**	161.80	152.45*	6.13	6.13
L Income**	53.17	50.00*	6.34	6.34
L Accumulation**	53.17	50.00*	6.34	6.34
S Income**	50.52	50.00+	1.04	1.04
X Income**	173.23	138.83	24.78	29.77
X Accumulation**	180.22	138.84	29.80	29.80

** Source: Lipper. Total return includes net income reinvested (mid-mid, basic tax); capital return excludes income. † As at 8 May 2013, the share class launch date. * As at 1 October 2013, the share class launch date. + As at 1 November 2013, the share class launch date.

Cazenove UK Equity Income Fund (continued)

Ongoing charges figure

An ongoing charges figure ("OCF") is shown which takes into account the management fee and all other operating expenses over the year and is expressed as a percentage of average daily assets over the same period.

	31.12.13 %	31.12.12 %
A Income	1.07	1.11
A Accumulation	1.07	-
B Income	1.57	1.62
B Accumulation	1.57	-
L Income	0.75	-
L Accumulation	0.75	-
S Income	0.45	-
X Income	0.82	0.86
X Accumulation	0.82	0.86

Net asset value record

Date	Net asset value £	Number of shares in issue	Net asset value per share p
31 December 2013			
A Income	76,614,632	46,194,127	165.85
A Accumulation‡	14,752,454	8,543,965	172.67
B Income	103,573,667	65,244,138	158.75
B Accumulation#	1,823,583	1,127,467	161.74
L Income*	1,582	3,000	52.73
L Accumulation*	1,594	3,000	53.15
S Income+	1,507	3,000	50.24
X Income	563,284,898	331,494,168	169.92
X Accumulation	35,207,668	19,542,848	180.16
	795,261,585	**472,155,713**	
31 December 2012			
A Income	55,114,194	41,423,062	133.05
B Income	50,460,672	39,424,137	127.99
X Income	63,477,638	46,687,472	135.96
X Accumulation†	759,197	548,029	138.53
	169,811,701	**128,082,700**	
31 December 2011			
A Income	42,049,093	36,522,797	115.13
B Income	8,674,022	7,792,846	111.31
X Income	7,048,285	6,006,638	117.34
	57,771,400	**50,322,281**	

‡ A Accumulation shares were first issued on 8 May 2013 at a price of 155.60p.
# B Accumulation shares were first issued on 1 October 2013 at a price of 152.45p.
* L Income shares and L Accumulation shares were first issued on 1 October 2013 at a price of 50.00p.
+ S Income shares were first issued on 1 November 2013 at a price of 50.00p.
† X Accumulation shares were first issued on 3 December 2012 at a price of 136.84p.

Fund performance summary

Calendar year	Lowest price p	Highest price p	Distribution per share p
A Income			
2013	136.13	169.05	6.3840
2012	116.06	136.98	5.3156
2011	103.86	124.79	5.0221
2010	96.46	120.76	4.6527
2009	72.70	107.56	4.9468
A Accumulation			
2013	147.46	172.73	6.4464
B Income			
2013	130.95	161.79	6.1264
2012	112.19	131.77	5.1273
2011	100.60	121.02	4.8612
2010	93.93	117.33	4.5533
2009	71.29	105.07	4.8361
B Accumulation			
2013	150.28	161.80	2.9825
L Income			
2013	49.30	53.17	0.4263
L Accumulation			
2013	49.30	53.17	0.4263
S Income			
2013	48.50	50.52	0.2690
X Income			
2013	139.12	173.23	6.5324
2012	118.29	139.99	5.4245
2011	105.76	126.96	5.0992
2010	98.00	122.68	4.6758
2009	73.59	109.11	5.0891
X Accumulation			
2013	141.68	180.22	6.7157
2012	136.67	140.00	0.1464

A Income shares, B Income shares and X Income shares were first issued on 6 May 2005 at a price of 100.00p. X Accumulation shares were first issued on 3 December 2012 at a price of 136.84p. A Accumulation shares were first issued on 8 May 2013 at a price of 155.60p. B Accumulation shares were first issued on 1 October 2013 at a price of 152.45p. L Income shares and L Accumulation shares were first issued on 1 October 2013 at a price of 50.00p. S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Cazenove UK Equity Income Fund (continued)

Portfolio summary

	As at 31.12.13		As at 31.12.12	
	Market value £	Net assets %	Market value £	Net assets %
Consumer services	171,932,910	21.62	35,455,585	20.88
Financials	170,269,685	21.42	45,950,970	27.05
Industrials	125,725,583	15.80	21,488,146	12.67
Telecommunications	65,892,270	8.28	12,535,250	7.38
Health care	63,410,460	7.97	5,817,000	3.43
Oil and gas	57,308,750	7.21	4,412,503	2.60
Basic materials	41,428,269	5.21	10,345,464	6.09
Consumer goods	40,620,470	5.11	18,679,550	11.00
Utilities	24,590,125	3.09	5,759,100	3.39
Technology	22,193,200	2.79	3,588,188	2.11
Net investment assets	**783,371,722**	**98.50**	**164,031,756**	**96.60**
Net other assets	**11,889,863**	**1.50**	**5,779,945**	**3.40**
Net assets attributable to shareholders	**795,261,585**	**100.00**	**169,811,701**	**100.00**

Top ten holdings

As at 31.12.13	Percentage of net assets %
BP	5.83
GlaxoSmithKline	5.27
Vodafone	4.92
Rio Tinto	3.85
British American Tobacco	3.58
Barclays	3.47
BT	3.36
National Grid	2.87
AstraZeneca	2.70
Legal & General	2.50

As at 31.12.12	Percentage of net assets %
HSBC	4.95
Vodafone	4.73
Rio Tinto	4.13
British American Tobacco	4.04
AstraZeneca	3.43
Barclays	2.93
Tesco	2.67
BT	2.65
BG	2.38
Imperial Tobacco	2.37

Cazenove Strategic Bond Fund

Authorised Corporate Director's investment report

Investment objective and policy

The Cazenove Strategic Bond Fund ("the Fund") aims to generate a total return above Sterling cash interest rates, primarily through a flexible allocation to investment grade bonds, non-investment grade bonds and derivative instruments. The Fund may invest in rated and unrated securities including bonds, notes of fixed and variable interest, preference shares, equities, convertible and other securities issued by government, quasi-government, supranational, bank and corporate entities, and derivative instruments. The Fund may invest in cash, near cash and deposits without limitation.

The Fund may use forward foreign exchange transactions, futures, credit default swaps and other exchange traded and off-exchange traded derivative contracts for the purposes of efficient portfolio management and/or meeting the investment objectives of the Fund. Such derivative contracts have the potential to significantly increase the Fund's risk profile and may create leveraged exposure to the credit market. Investment in lower rated bonds or non-investment grade debt instruments may also expose the Fund to greater risk of default on individual securities than would normally be the case for a fund invested in higher grade fixed interest securities.

The ACD employs a risk management process that seeks to control the volatility of the Fund. Information about this process is available from the ACD.

Performance

The Fund returned +4.1% over 2013 (X share class), compared to a return of +0.3% on three month UK Treasury Bills. Throughout the period we maintained a positive stance on credit spreads, helping to beat our target of Libor plus 3%. During the past twelve months, the Fund's benefitted from generic spread tightening at the BB level.

Market review

The strength of Anglo Saxon economies translated into higher government bond yields, but lower credit spreads. UK Government bonds suffered their worst year since 1994, with a total return of -4.3%.

Non-investment grade debt outperformed most expectations in 2013 as investors sought yield in a world of low interest rates. The Merrill Lynch BB-B European High Yield Constrained Index generated a total return of 9.9%, composed of 3.2% price appreciation and 6.7% interest income. The yield spread on BB-B rated European bonds tightened by 190bp from 520bp to 330bp. The excess return, above government securities was consequently 10.8%.

The best performing countries were those of the Mediterranean, which benefitted from economic stability in the Eurozone. Insurance, other financials and real estate beat the wider market, demonstrating a healthy appetite for risk amongst investors.

Portfolio activity

We have experienced a high number of maturities this year, as issuers exercised their right to redeem bonds early. Early redemptions included those exercised by Ineos, Ardagh, Smurfit Kappa and Unity Media. Consequently many of our purchases were replacements of and additions to existing positions, such as Jaguar Landrover, Royal London, Virgin Media, Ardagh Glass, Smurfit Kappa, Ineos, Daily Mail & General Trust and, Befesa Zinc, Wind Telecom and RSA. We participated in several new high yield bond issues, including Pennon, Infinis, Arqiva, Zobele, Grainger, Rhiag and Domestic & General.

At the end of 2013, the Fund had an average life to call of 3.4 years. The portfolio's effective interest rate duration was 1.8 and expected yield to call was 3.9% per annum. The portfolio has a 77% exposure to BBB, high yield and unrated securities, although one fifth of that exposure is likely to mature in the next two years. The largest commercial sectors, in order of size, are senior banks (18.3%), healthcare (9.5%), telecom (8.6%), basic industry (7.0%), capital goods (6.3%) and media (6.3%).

Outlook

There is no denying that we are now receiving coupons slightly below the long term average yield spread to government securities. At the end of December, a Credit Suisse index of BB rated bonds yielded 299bp above Treasuries, compared to a long term mean of 382bp (US companies between 1986 and 2013). We do not find this yield spread prohibitively expensive, when compared with Moody's average loss rates, which are approximately 1.1% per annum from 1984 to 2013. At the end of December 2013, the risk premium on BB rated bonds was 2.7 times the long term loss rate. The same can not be said of single B bonds, where the current risk premium of 452bp was only 1.5 times the long term loss rate.

Risk warning

The Fund has substantial exposure to non-investment grade instruments, which have historically experienced a much higher default rate than traditional corporate bonds. The Fund can also invest in derivative instruments which may create leverage, short positions and increase the volatility of returns. The Fund has flexibility to invest in convertible bonds.

Cazenove Strategic Bond Fund (continued)

Synthetic risk & reward indicator

The synthetic risk and reward indicator ranges from 1 to 7, with 1 being the lowest risk. The risk and reward indicator for the Fund is 5.

The Fund buys bonds that pay a high rate of interest. The companies that issue these bonds may have uncertain futures and so there is a greater risk that the bond holders will not be paid interest on the bond and/or that they may not get their initial investment back. The Fund buys securities (known as derivatives) whose price is dependent upon or derived from one or more underlying assets. Such investments can significantly raise the Fund's risk profile and cause its share price to fluctuate. Since many derivatives have a borrowing component, changes in the value of the underlying shares or bonds can cause a loss to the Fund which is substantially greater than the amount invested in the derivative itself.

Investment in bonds and other fixed interest securities is subject to normal market fluctuations. There is no assurance that your investment will increase in value. Your original investment is not guaranteed. The value of the Fund may fluctuate significantly in response to the performance of individual companies, as well as in connection with market and economic conditions. The Fund's risk profile is based on historical data and this may not be a reliable indicator of its future risk profile. The lowest risk category does not mean an investment is risk free. The risk category shown is not a target or a guarantee and may change over time.

Fund facts

	Accounting date	Distribution payment date
Interim	30 June	31 August
Final	31 December	28 February

Performance record

	31.12.13	31.12.12	Total return % change
3 month UK Treasury Bills*	0.30	0.31	0.30

* Source: DMO (Debt Management Office). Total return has been calculated on the duration of the year.

	31.12.13 p	31.12.12 p	Share price % change	Total return % change (net of tax)
A Income**	99.80	100.87	(1.06)	3.78
A Accumulation**	144.58	139.30	3.79	3.79
B Income**	98.22	99.52	(1.31)	3.52
B Accumulation**	143.08	138.21	3.52	3.52
S Income**	50.31	50.00+	0.62	0.62
X Income**	101.79	102.61	(0.80)	4.05
X Accumulation**	147.56	141.82	4.05	4.05

** Source: Lipper. Total return includes net income reinvested (mid-mid, basic tax); capital return excludes income.
+ As at 1 November 2013, the share class launch date.

Ongoing charges figure

An ongoing charges figure ("OCF") is shown which takes into account the management fee and all other operating expenses over the year and is expressed as a percentage of average daily assets over the same period.

	31.12.13 %	31.12.12 %
A Income	0.84	0.83
A Accumulation	0.84	0.83
B Income	1.09	1.09
B Accumulation	1.09	1.09
S Income	0.12	-
X Income	0.58	0.58
X Accumulation	0.58	0.58

Net asset value record

Date	Net asset value £	Number of shares in issue	Net asset value per share p
31 December 2013			
A Income	147,836,761	152,203,206	97.13
A Accumulation	79,966,407	55,507,658	144.06
B Income	95,760,325	100,184,454	95.58
B Accumulation	32,225,055	22,602,537	142.57
S Income+	1,493	3,000	49.78
X Income	296,303,134	299,103,413	99.06
X Accumulation	30,195,446	20,536,030	147.04
	682,288,621	**650,140,298**	
31 December 2012			
A Income	149,149,120	152,330,584	97.91
A Accumulation	71,638,924	51,729,722	138.49
B Income	167,801,999	173,709,747	96.60
B Accumulation	48,738,536	35,472,553	137.40
X Income	226,576,093	227,471,286	99.61
X Accumulation	19,311,681	13,697,323	140.99
	683,216,353	**654,411,215**	
31 December 2011			
A Income	131,141,643	143,779,127	91.21
A Accumulation	59,202,137	48,111,410	123.05
B Income	190,580,079	211,246,831	90.22
B Accumulation	54,769,737	44,748,477	122.39
X Income	215,162,473	232,471,183	92.55
X Accumulation	19,016,682	15,217,529	124.97
	669,872,751	**695,574,557**	

+ S Income shares were first issued on 1 November 2013 at a price of 50.00p

Cazenove Strategic Bond Fund (continued)

Fund performance summary

Calendar year	Lowest price p	Highest price p	Distribution per share p
A Income			
2013	96.21	101.07	4.6588
2012	92.00	100.87	4.6277
2011	91.43	101.55	4.5216
2010	95.99	102.05	4.7468
2009	79.81	99.45	4.7645
A Accumulation			
2013	138.96	144.61	6.6701
2012	124.10	139.30	6.3184
2011	120.44	130.67	5.8858
2010	117.87	128.16	5.8895
2009	93.01	118.95	5.6025
B Income			
2013	94.81	99.62	4.5902
2012	91.00	99.52	4.5702
2011	90.49	100.60	4.4782
2010	95.31	101.22	4.7117
2009	79.53	98.88	4.7510
B Accumulation			
2013	137.72	143.11	6.6061
2012	123.43	138.21	6.2731
2011	119.87	130.17	5.8617
2010	117.81	127.84	5.8863
2009	93.16	118.90	5.6559
S Income			
2013	48.50	50.52	0.3593
X Income			
2013	98.00	102.91	4.7470
2012	93.36	102.61	4.7008
2011	92.72	102.88	4.5824
2010	97.04	103.24	4.8111
2009	80.37	100.40	4.8132
X Accumulation			
2013	141.51	147.59	6.8024
2012	126.03	141.82	6.4243
2011	122.24	132.50	5.9702
2010	119.10	129.78	5.9633
2009	93.71	120.18	5.6842

A Income shares, A Accumulation shares, B Income shares, B Accumulation shares, X Income shares and X Accumulation shares were first issued on 4 April 2006 at a price of 100.00p. S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Top ten holdings

As at 31.12.13	Percentage of net assets %
Deutsche Bank Floating Rate Notes 11/12/2014	1.66
Crown Newco 7% Senior Notes 15/02/2018	1.65
HSBC Floating Rate Notes 16/06/2014	1.57
RSA Insurance 8.5% Cumulative Step-Up Perpetual Notes	1.54
Rabobank Nederland Floating Rate Notes 06/06/2014	1.52
Virgin Media Secured Finance 7% Notes 15/01/2018	1.47
Elli Finance UK 8.75% Notes 15/06/2019	1.45
Abbey National Treasury Services Floating Rate Convertible Bonds 16/02/2015	1.39
Nationwide Building Society Floating Rate Convertible Bonds 23/01/2015	1.38
Westpac Banking Corporation Floating Rate Notes 03/06/2014	1.37

As at 31.12.12	Percentage of net assets %
National Australia Bank Floating Rate Notes 12/11/2013	1.69
Crown Newco 7% Senior Notes 15/02/2018	1.66
Prologis European Properties 5.875% Notes 23/10/2014	1.64
HSBC Floating Rate Notes 16/06/2014	1.57
Daimler International Finance 2.125% 10/12/2013	1.56
Virgin Media Secured Finance 7% Notes 15/01/2018	1.53
Rabobank Nederland Floating Rate Notes 06/06/2014	1.52
RSA Insurance 8.5% Cumulative Step-Up Perpetual Notes	1.46
Sable International Finance 7.75% Senior Notes 15/02/2017	1.43
Nationwide Building Society Floating Rate Convertible Bonds 23/01/2015	1.40

Portfolio summary

	As at 31.12.13		As at 31.12.12	
	Market value £	Net assets %	Market value £	Net assets %
United Kingdom corporate bonds	369,889,948	54.21	352,490,703	51.59
Overseas debt securities	282,216,374	41.37	314,194,062	45.98
Derivatives	7,615,183	1.11	1,325,483	0.21
Overseas equities	738,736	0.11	500,126	0.07
United Kingdom equities	-	-	147,960	0.02
United Kingdom government bonds	-	-	-	-
Net investment assets	**660,460,241**	**96.80**	**668,658,334**	**97.87**
Net other assets	**21,828,380**	**3.20**	**14,558,019**	**2.13**
Net assets attributable to shareholders	**682,288,621**	**100.00**	**683,216,353**	**100.00**

Cazenove European Income Fund

Authorised Corporate Director's investment report

Investment objective and policy

The European Income Fund ("the Fund") aims to provide high income with some long term capital growth by investing predominantly in companies incorporated in a member state of the EEA or Switzerland or in companies which derive a predominant proportion of their revenues or profits from these countries or which are predominantly operating in them.

Investments will be made primarily in a concentrated portfolio of equities (typically between 30 and 50 holdings) of large or mid sized companies which pay high dividend yields and which the ACD considers offer prospects for long term growth. Investment may also be made in other equity related transferable securities issued by these companies, such as preferred shares and convertible securities.

Whilst the Fund will invest primarily in equities it may also invest in fixed interest securities, cash, deposits and money market instruments.

The Fund may utilise derivatives for efficient portfolio management purposes and for hedging.

Performance

The Fund returned +39.1% (B Accumulation share class), against the FTSE World Europe (ex UK) Index return of +25.2%, representing a first quartile performance among the peer group.

Market review

2013 for Europe was very much a continuation of a trend that started in the second half 2012 shortly after Mr Draghi's (Chairman of the European Central Bank) now infamous "do whatever it takes" speech, namely strong aggregate index performance off a low base led by cyclical value stocks which had previously underperformed, and lagged by secure global growth stocks or 'bond proxies'.

Perhaps the key difference between this year and last year was the spectre of less loose monetary policy in the US. The resultant effect on our market was an acceleration of the underperformance of bond proxies as yields rose between May and October.

Portfolio activity

We started the year with assets of £97.1m and ended with £231.2m. In the very broadest sense overall structure of the portfolio changed little, remaining overweight cyclicality and value. However we did make a shift from early to later cycle stocks in Q2 and Q3 where the recovery is even less priced in and also increased our weighting to those very cheap domestic deflationary stocks which we think will stop underperforming as the European recovery drives away deflation fears.

We end the year with the following broad structure. Numbers do not add to 100% due to rounding and cash.

Dividend Style	% Fund 31/12/13
Cyclical Yield	55.7
Growth Yield	0.0
High Yield	28.1
Stable Yield	13.7

The Fund tends to do well when the following conditions pertain:

1. Europe appears 'less bad' in political and economic terms;
2. The core and the peripheral economies converge;
3. Core (e.g. US, UK, German) bond yields rise.

The main purchases during the year which were Scania, Delta Lloyd, and Orange. The main sales during the year were Azimut, Atresmedia Corporacion de Medios de Comunicaion, and Capgemini.

Outlook

On longer term metrics such as price to book or Schiller price earning ratio, Europe remains outstandingly cheap, in risk stocks in particular. Conversely the very safest, secure growth stocks are overvalued on a medium term view.

The most potent trade from here is that we experience something resembling a normal cycle. Clients might wish to apply the concepts of 'normalisation', 'convergence' or 'escape velocity' to Europe from which the portfolio should benefit. We would hope to see evidence of the very nascent recovery in Europe becoming more broad based, as has already happened in the US and UK. We do not, however, expect a particularly strong economic outcome – nor require one for our portfolio to outperform.

Synthetic risk & reward indicator

The synthetic risk and reward indicator Fund ranges from 1 to 7, with 1 being the lowest risk. The risk and reward indicator for the Fund is 6.

The Fund invests primarily in European shares. As such it may face increased risk because of currency movements. For example many of the shares bought for the Fund will be valued in euros so the value of your investment will fall if the value of sterling rises against the euro. Investment in shares and/or bonds is subject to normal market fluctuations. There is no assurance that your investment will increase in value. Your original investment is not guaranteed. The value of the Fund may fluctuate significantly in response to the performance of individual companies, as well as in connection with market and economic conditions. The Fund's risk profile is based on historical data and this may not be a reliable indicator of its future risk profile. The lowest risk category does not mean an investment is risk free. The risk category shown is not a target or a guarantee and may change over time.

Cazenove European Income Fund (continued)

Fund facts

	Accounting date	Distribution payment date
Interim	N/A	31 May
Interim	30 June	31 August
Interim	N/A	30 November
Final	31 December	28 February

Performance record

	31.12.13	31.12.12	Capital return % change	Total return % change
FTSE World Europe (ex UK) Index (£)*	430.40	355.63	21.02	25.18

* Source: DATASTREAM. Total return includes reinvested income; capital return excludes income.

	31.12.13 p	31.12.12 p	Share price % change	Total return % change (net of tax)
A Income**	153.27	113.25	35.34	39.76
A Income Hedged**	159.56	125.15†	27.50	30.51
A Accumulation**	159.57	114.16	39.78	39.78
B Income**	151.98	112.86	34.66	39.06
B Accumulation**	159.53	114.68	39.11	39.11
L Income**	53.44	50.00*	6.88	6.88
L Accumulation**	53.44	50.00*	6.88	6.88
S Income**	50.33	50.00+	0.66	0.66
X Income**	153.90	113.44	35.67	40.10
X Income Hedged**	159.96	125.39†	27.57	30.58
X Accumulation**	161.48	115.23	40.14	40.14

** Source: Lipper. Total return includes net income reinvested (mid-mid, basic tax); capital return excludes income.
† As at 18 February 2013, the share class launch date.
* As at 1 October 2013, the share class launch date.
\+ As at 1 November 2013, the share class launch date.

The performance of a hedged share class may differ from other share classes of the fund because the return on unhedged share classes is based on both the performance of the fund's investments and the performance of the portfolio currencies relative to sterling whereas the return on a hedged share class is based only on the performance of the fund's investments.

Ongoing charges figure

An ongoing charges figure ("OCF") is shown which takes into account the management fee and all other operating expenses over the year and is expressed as a percentage of average daily assets over the same period.

	31.12.13 %	31.12.12 %
A Income	1.13	1.13
A Income Hedged	1.19	-
A Accumulation	1.13	1.14*
B Income	1.63	1.64
B Accumulation	1.63	1.64
L Income*	0.81	-
L Accumulation*	0.81	-
S Income+	0.53	-
X Income	0.88	0.91
X Income Hedged	0.91	-
X Accumulation	0.87	0.92

* The OCF information as at 31.12.2012 was incorrect in the published Report and Accounts for the year ended 31 December 2012. In that Report the OCF was listed at 1.23%.

Net asset value record

Date	Net asset value £	Number of shares in issue	Net asset value per share p
31 December 2013			
A Income	37,291,483	24,746,304	150.70
A Income Hedged‡	7,390,042	4,708,647	156.95
A Accumulation	8,963,784	5,633,116	159.13
B Income	2,148,605	1,437,756	149.44
B Accumulation	7,444,495	4,679,588	159.08
L Income*	1,595	3,000	53.15
L Accumulation*	1,599	3,000	53.29
S Income+	1,503	3,000	50.11
X Income	137,940,164	91,160,640	151.32
X Income Hedged†	16,230,503	10,316,762	157.32
X Accumulation	13,807,047	8,574,444	161.03
	231,220,820	**151,266,257**	
31 December 2012			
A Income	9,549,467	8,560,334	111.55
A Accumulation	671,637	592,339	113.39
B Income	688,043	618,805	111.19
B Accumulation	693,391	608,685	113.92
X Income	83,956,681	75,140,326	111.73
X Accumulation	1,638,224	1,431,372	114.45
	97,197,443	**86,951,861**	

‡ A Income Hedged shares were first issued on 18 February 2013 at a price of 125.15p.
* L Income shares and L Accumulation shares were first issued on 1 October 2013 at a price of 50.00p.
\+ S Income shares were first issued on 1 November 2013 at a price of 50.00p.
† X Income Hedged shares were first issued on 18 February 2013 at a price of 125.39p.

Cazenove European Income Fund (continued)

Fund performance summary

Calendar year	Lowest price p	Highest price p	Distribution per share p
A Income			
2013	114.10	155.21	5.3953
2012	91.43	114.63	2.5104
A Income Hedged			
2013	121.34	159.56	5.4006
A Accumulation			
2013	114.16	161.60	5.5248
2012	101.62	115.55	0.5113
B Income			
2013	113.72	154.05	5.3597
2012	91.33	114.25	2.4940
B Accumulation			
2013	116.43	161.70	5.5232
2012	92.09	116.09	2.5379
L Income			
2013	50.20	54.08	0.1377
L Accumulation			
2013	50.00	53.95	0.1377
S Income			
2013	48.50	50.52	0.0837
X Income			
2013	114.29	155.78	5.4057
2012	91.50	114.82	2.5216
X Income Hedged			
2013	121.57	159.96	5.4298
X Accumulation			
2013	116.99	163.45	5.5618
2012	92.23	116.63	2.5299

A Income shares, B Income shares, B Accumulation shares, X Income shares and X Accumulation shares were first issued on 2 May 2012 at a price of 100.00p.
A Accumulation shares was first issued on 31 August 2012 at a price of 102.78p.
A Income Hedged shares were first issued on 18 February 2013 at a price of 125.15p.
X Income Hedged shares were first issued on 18 February 2013 at a price of 125.39p.
L Income shares and L Accumulation shares were first issued on 1 October 2013 at a price of 50.00p. S Income shares were first issued on 1 November 2013 at a price of 50.00p.

Top ten holdings

As at 31.12.13	Percentage of net assets %
Renault	4.33
RIETER	4.05
Scania 'B'	4.02
Delta Lloyd	3.95
AXA	3.83
Roche	3.74
Valeo	3.57
Bankinter	3.36
Total	3.24
Grupo Catalana Occidente	3.13

As at 31.12.12	Percentage of net assets %
AXA	4.82
Arkema	4.44
ProSieben Preference	4.37
Renault	3.84
Snam	3.70
Volvo 'B'	3.69
RIETER	3.54
Pirelli	3.38
GSW Immobilien	3.36
BMW	3.33

Portfolio summary

	As at 31.12.13		As at 31.12.12	
	Market value £	Net assets %	Market value £	Net assets %
France	74,599,391	32.26	22,140,459	22.78
Switzerland	41,124,214	17.78	18,399,606	18.93
Spain	27,900,994	12.07	2,842,468	2.92
Sweden	17,615,371	7.62	4,932,684	5.08
Italy	14,786,332	6.39	15,055,092	15.49
Belgium	13,234,451	5.72	6,482,053	6.67
Netherlands	13,073,429	5.65	1,860,712	1.91
Austria	6,883,200	2.98	-	-
Germany	6,191,046	2.68	15,128,330	15.56
Norway	4,965,297	2.15	6,998,752	7.20
Finland	4,222,297	1.83	-	-
Portugal	3,160,878	1.37	-	-
Forward currency hedge	15,512	0.01	-	-
United Kingdom	-	-	1,824,767	1.88
Net investment assets	**227,772,412**	**98.51**	**95,664,923**	**98.42**
Net other assets	**3,448,408**	**1.49**	**1,532,520**	**1.58**
Net assets attributable to shareholders	**231,220,820**	**100.00**	**97,197,443**	**100.00**

Regulatory information and risk warnings

The contents of the Authorised Corporate Director's report are based upon sources of information believed to be reliable, however, save to the extent required by applicable law or regulations, no guarantee, warranty or representation (express or implied) is given as to its accuracy or completeness and Cazenove Investment Fund Management Limited, its directors, officers and employees do not accept any liability or responsibility in respect of the information or any recommendations expressed herein which, moreover, are subject to change without notice.

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 investments and the revenue from them can go down as well as up and an investor may not get back the amount invested and may be affected by fluctuations in exchange rates. The levels and bases of, and reliefs from, taxation may change. You should obtain professional advice on taxation where appropriate before proceeding with any investment. You should be aware that investments in higher yielding bonds issued by borrowers with lower credit ratings may result in a greater risk of default and have a negative impact on revenue and capital value. Revenue payments may constitute a return of capital in whole or in part. Revenue may be achieved by foregoing future capital growth. You should be aware of the additional risks associated with investment in emerging and developing markets.

Cazenove Investment Fund Management Limited can only promote its own products and services.

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Stamp duty reserve tax

The redemption of shares by a shareholder may result in CIFCo incurring a liability for stamp duty reserve tax ("SDRT"). The SDRT liability (if any) will be determined by reference to the nature of the relevant sub-fund's underlying investments and by the number of shares issued in the relevant sub-fund during the week in which the redemption occurs and in the following week.

The Authorised Corporate Director ("ACD") will, as permitted by the COLL and the Regulations, pay any liability for SDRT out of the capital property of the relevant sub-fund. The maximum amount of SDRT which will be due is 0.5% of the value of the shares redeemed.

The ACD may also, where it believes that it is in the overall best interests of shareholders to do so, impose an SDRT provision on large deals. The imposition of an SDRT provision will have the effect of increasing the cost of buying shares or reducing the proceeds on selling shares. The ACD does not at present intend to charge an SDRT provision on other transactions.

The amount of the SDRT provision will not exceed 0.5% of the value of the transaction before the imposition of the provision. If the ACD receives an SDRT provision in respect of any share bought or sold it shall, forthwith upon receipt of that SDRT provision, pay it to the Depositary to become part of the Company property.

Other information

Prospectus

The Prospectus for the Company has been prepared and is available from the ACD on request.

Report and Accounts

The long form version of the report is available on written request to the Corporate Communications Department, Cazenove Investment Fund Management Limited, 12 Moorgate, London EC2R 6DA.

The Company

Cazenove Investment Fund Company
12 Moorgate, London EC2R 6DA.

Authorised Corporate Director

Cazenove Investment Fund Management Limited
Registered office: 12 Moorgate, London EC2R 6DA.

The ACD is authorised and regulated by the Financial Conduct Authority.

Directors of Cazenove Investment Fund Management Limited

A J S Ross (Chairman)
P Harrison (appointed 16 July 2013)
C E Helmstetter (appointed 2 October 2013)
R S Jeffrey (resigned 2 July 2013)
R Minter-Kemp (resigned 2 July 2013)
C Sims
R E Stoakley (appointed 18 July 2013)
J Troiano (appointed 4 September 2013)
J W J Turnbull (resigned 2 July 2013)
P C Wallace (appointed 15 July 2013)

Depositary

J.P. Morgan Trustee and Depositary Company Limited
Chaseside, Bournemouth BH7 7DA.

The Depositary is authorised and regulated by the Financial Conduct Authority.

Independent Auditors

PricewaterhouseCoopers LLP
Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH.

Registrar

J.P. Morgan Europe Limited
1 Angel Court, London EC2R 7HJ.

The Registrar is authorised and regulated by the Financial Conduct Authority.

Administrator

J.P. Morgan Europe Limited
3 Lochside View, Edinburgh Park, Edinburgh EH12 9DH.

The Administrator is authorised and regulated by the Financial Conduct Authority.

For more information

Please telephone the Business Development Department at Cazenove Investment Fund Management Limited, on 020 3479 1000, or access the website at www.cazenovecapital.com.