

CLIMATE STEWARDSHIP FUND FOR CHARITIES

INVESTMENT OBJECTIVE

The Climate Stewardship Fund seeks income and investment growth over a minimum period of 5 years by investing ethically using Christian principles in the shares of UK listed/quoted companies. The Fund aims to have a weighted average carbon intensity substantially lower (at least 15% lower, but better if possible) than that of the FTSE All Share Index.

ETHICAL INVESTING

Christian ethics are a first principle matter for Epworth. We aim to ensure that our investment decisions are consistent with the Christian faith. As such, all investments chosen by the fund must adhere to Epworth's established ethical pillars. To qualify for inclusion, each asset undergoes a meticulous due diligence process conducted by Epworth's experienced investment team and subsequently presented to the Asset Allocation Committee for evaluation. Continuous, rigorous monitoring of investments is conducted by the Epworth team. This involves regular interactions with the management of respective companies and third-party funds. The Responsible Investment Committee at Epworth is actively consulted in instances where specific stewardship concerns arise. For illustrative instances of fund investments and their qualification criteria, please refer to the accompanying case study map.

FUND SUMMARY

Fund Type	Charity Authorised Investment Fund (CAIF)
Inception Date	28 May 2020
Fund Size (31 March 2024)	£59.7m
Valuation & Dealing Dates	Daily
Minimum Investment	£1,000
ISIN	GB00BMD3GL27 (Income) GB00BMD3GM34 (Accumulation)
Benchmark	FTSE All Share Index
Management Fee	0.65% p.a.
Ongoing Charges Figure (2023 Average)	0.96% p.a.
Dilution Levy	0.20%
Report Frequency	Quarterly
Historic Yield per Annum (Estimated to 31 March 2024)	3.92%

TOP 10 COMPANY HOLDINGS

AS AT 31 MARCH 2024	WEIGHTING (%)
1 HSBC Holdings	6.1
2 Unilever	5.4
3 AstraZeneca	5.3
4 GSK PLC	3.7
5 Barclays	3.2
6 Segro REIT	3.0
7 Relx PLC	3.0
8 Renewables Infrastructure Group	2.8
9 UBS Irl ETF plc - MSCI United ETF	2.8
10 Greencoat UK Wind Plc Fund	2.7

CARBON FOOTPRINT ANALYSIS



FUND VS FTSE ALL-SHARE

At 31 March 2024
Source: Clarity AI

COMMENTARY

The upbeat mood lifting UK stocks into the close of 2023 continued into the first quarter of 2024, although the market lagged global peers through much of the quarter as sticky inflation scaled back expectations for the timing and magnitude of interest rate cuts this year.

The fund underperformed during the quarter, partly due to the exclusion of military and fossil fuel companies that are benefitting from the escalating conflicts in Europe and the Middle East. The bias of the conviction portfolio towards smaller companies also dragged on performance, with larger stocks continuing to outperform in the higher interest rate environment.

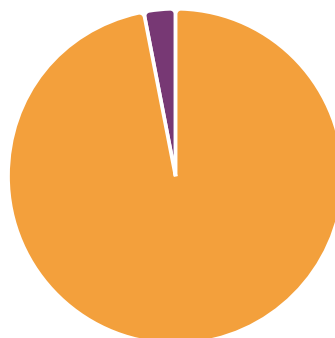
The most affected holdings included Keywords Studios, a provider of video content creation services that faced weakness on concerns that developments in AI could threaten a part of their revenue stream. There were also contrasting fortunes for two of our IT exposed stocks. Whilst specialist IT recruiter, FDM, was one of the weaker performers after management reduced guidance for current year earnings, Softcat, an IT infrastructure reseller, was our best performing conviction stock following a strong set of results.

Whilst there were no additions to the UK conviction stock portfolio during the quarter, several positions were exited to reduce the number of holdings and focus on those stocks where we had a greater degree of confidence in both quality and valuation. The exits included Watkin Jones, which has performed poorly due to headwinds in the UK construction market in recent times, and there have been additional execution-related issues resulting in senior management changes. Another exit was Hilton Food Group, a food packaging business held for many years. The company has grown significantly during that time, but it was felt this was reaching a point where there was limited scope for improving profitability in the modern consumer environment.

PERFORMANCE

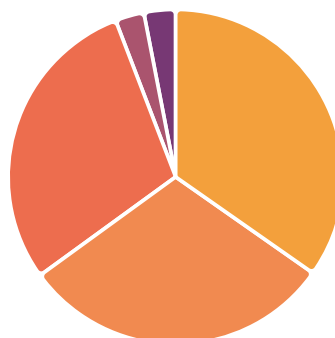
	1 year %	3 years % p.a.	Since 28.05.20 % p.a.
To 31 March 2024			
Fund	5.5	4.8	6.7
Benchmark	8.4	8.0	10.0
12 Months to 31 March			
	2024 %	2023 %	2022 %
Fund	5.5	-2.2	11.6
Benchmark	8.4	2.9	13.0

SPREAD OF INVESTMENT BY MARKET



UK	97.2%
Cash	2.8%

SPREAD OF INVESTMENTS BY SECTOR



Financials	34.9%
Cyclical	30.2%
Defensives	29.4%
Exchange Traded Funds	2.8%
Cash	2.8%

NEXT STEPS

Please visit our website
www.epworthim.com

Or contact
SIMON WOOLNOUGH
Head of Business Development
s.woolnough@epworthim.com
020 7496 3639



RISK WARNING

Epworth Investment Management Limited ("Epworth") is authorised and regulated by the Financial Conduct Authority (FCA Registered Number 175451). It is incorporated in England and Wales (Registered Number 3052894), with a registered office at 9 Bonhill Street, London EC2A 4PE and is wholly owned by the Central Finance Board of the Methodist Church. Epworth-managed funds are designed for long term investors. The value of units in funds can fall as well as rise and past performance is not a guide to future returns. The level of income is also variable and investing in Epworth funds will not be suitable for you if you cannot accept the possibility of capital losses or reduced income. Any estimates of future capital or income returns or details of past performance are for information purposes and are not to be relied on as a guide to future performance.