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PRESS RELEASE – PEGRUM AND MARRIAGE LAUNCH ABSOLUTE FUND (SUBJECT TO FSA APPROVAL)

Following the successful launch of the Cazenove UK Absolute Target Fund, which has raised £245m since launch (July 2008), Cazenove Capital plans to launch the Cazenove Absolute UK Dynamic Fund (subject to FSA approval). The new fund will be available on 7th September. The fund will aim to achieve a return of 10% + per annum over the medium term¹.

Neil Pegrum and Paul Marriage will co-manage the fund. The new fund will follow a similar investment approach to Neil's current hedge fund which he has managed since launch (May 2005). Paul has worked closely with Neil on the fund since he joined the business in November 2005. Since launch the fund has achieved an annualised 15.97%² net return against the FTSE All-Share Index annualised return of 1.12%³. The fund has achieved a positive return in 37 out of 48 months with volatility of 6.6% per annum², less than half the volatility of the FTSE All-Share Index.

The Cazenove Absolute UK Dynamic Fund will invest across the UK equity market with an emphasis on mid and small-cap companies. Both managers adopt a pragmatic approach focused primarily at a stock picking level. Synthetic shorting will be achieved principally through contracts for difference (CFDs).

The approach will be unconstrained with between 30 and 50 UK stocks in both short and long positions. We expect the new fund's long positions to be similar to that of the hedge fund and the Cazenove UK Dynamic Fund, a sub-fund of the UK OEIC, which was launched by Neil in 2004.

Robin Minter-Kemp, Managing Director of Investment Funds, comments:

‘Neil and Paul have successfully worked together for six years in managing absolute and long strategies. The proposed launch of the Cazenove Absolute UK Dynamic Fund will complement both Neil and Paul’s extensive stock selection experience across the UK equity market combining both managers’ skills in one product.

The fund further enhances the availability of competitive products within the IMA Absolute Return Sector generated by clients’ needs for uncorrelated returns away from equity market risk.’

Neil Pegrum, Fund Manager, comments: ‘Following the launch of my hedge fund which has exceeded our initial expectations, I am excited to be launching this new UCITS fund. Paul and I believe that our approach and experience are well suited to providing investors with attractive returns, with a relatively low level of volatility.’

¹ There is no guarantee that a positive return will be achieved.

² Source: Cazenove Capital based on audited NAVs at 29/05/09.

³ Source: Lipper at 29/05/09.

For further information please contact:

Robin Minter-Kemp
Managing Director, Investment Funds
+44 (0)20 7155 5820 or email
robin.minterkemp@cazenovecapital.com

Victoria Woods
Head of Marketing
+44 (0)20 7155 6152 or email
victoria.woods@cazenovecapital.com

www.cazenovecapital.com

Fund information

Fund objective: The objective of the fund is to achieve absolute returns through targeted investment strategies independent of United Kingdom market conditions or indices.

Share classes: GBP P1: Retail
GBP P2: Institutional

Charges: P1 initial charge: 5%
P2 initial charge: 0%
P1 AMC: 1.5% + performance fee
P2 AMC: 1.0% + performance fee

Performance fee: 20% with high water mark

Minimum investment: P1: £1,000
P2: £500,000

Launch date: 7th September (subject to FSA approval)

Base currency: Sterling

Share type: Accumulation

**Cazenove UK Dynamic Fund B Acc class (UK OEIC) performance track record
Managed by Neil Pegrum**

	3 months	1 year	3 years	Since launch (30/09/04)
Fund	40.6%	-11.7%	-3.6%	30.5%
FTSE All-Share Index	18.3%	-23.7%	-13.7%	16.8%
IMA UK All Companies	17.9%	-24.9%	-17.3%	10.6%
Quartile ranking	1 st	1 st	1 st	1 st

Source: Lipper, sterling, net income reinvested, 30/09/04 to 29/05/09.

**Cazenove UK Smaller Companies Fund B Acc class (UK OEIC) performance track record
Managed by Paul Marriage**

	3 months	1 year	3 years	Since appointment of the manager (03/01/06)
Fund	37.0%	-26.1%	-12.8%	-5.0%
FTSE Small Cap (ex IT)	36.8%	-27.1%	-36.9%	-33.9%
IMA UK Smaller Companies	23.1%	-27.4%	-23.4%	-18.5%
Quartile ranking	1 st	2nd	1 st	1 st

Source: Lipper, sterling, net income reinvested, 03/01/06 to 29/05/09.

Past performance should not be seen as an indication of future performance. The value of investments and the income from them can go down as well as up and you may not get back the amount originally invested.

Important information

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