MI HAWKSMOOR VANBRUGH FUND

QUARTERLY REPORT
Q4 2023

For investors who are looking to achieve both a positive return on their investments after inflation, and preserve capital over the medium term.

KEY POINTS THIS QUARTER

- Vanbrugh returned +4.6%, compared to the sector return of +5.7%
- There were no new holdings, and we exited four positions
- Exposure to listed equities, private equity, sovereign bonds and precious metal equities increased
- Exposure to corporate bonds, other bonds (which includes private credit), real assets and cash was reduced

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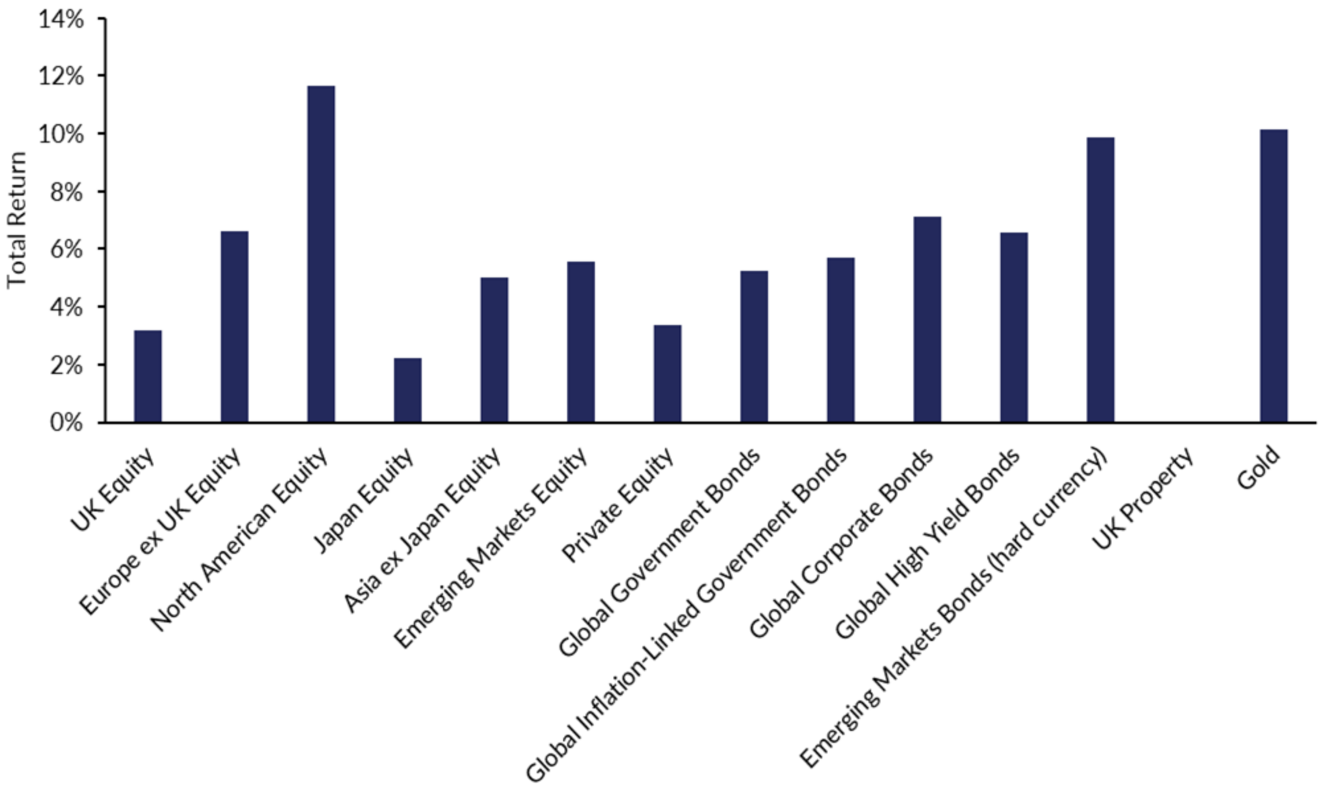
defaqto FUND REVIEWED

Approved Investment QuantQual

QUARTERLY MARKET PERFORMANCE



Having risen significantly in the summer and early autumn, real and nominal government bond yields fell sharply during the quarter with the 10 year US Treasury yield moving from a peak of 5.0% in mid-October to 3.9% at year end. This reflected changes in the markets expectations regarding the future path of interest rates following softer inflation numbers and rhetoric from the Federal Reserve and other central banks that was interpreted as being markedly more dovish. Falling benchmark yields combined with continued credit spread tightening resulted in strongly positive returns for most fixed income sectors. Gold also benefitted from the falling yield environment (real yields represent the opportunity cost of holding gold).

Lower bond yields and perceptions of more conducive monetary policy also buoyed equities with longer duration growth stocks leading the way. The US market has significant exposure to these types of equities and was the stand out performer.

Data: UK Equity - MSCI United Kingdom All Cap; Europe ex UK Equity - MSCI Europe ex UK; North American Equity - MSCI North America; Japan Equity - MSCI Japan; Asia ex Japan Equity - MSCI AC Asia Pacific ex Japan; Emerging Markets Equity - MSCI Emerging Markets; Private Equity - IT Private Equity; Global Government Bonds - ICE BofA Global Government; Global Inflation-Linked Government Bonds - ICE BofA Global Inflation-Linked Government; Global Corporate Bonds - ICE BofA Global Government; Global High Yield Bonds - ICE BofA Global High Yield; Emerging Markets Bonds (hard currency) - ICE BofA US Emerging Markets External Sovereign; UK Property - IA UK Direct Property; Gold - WisdomTree Physical Gold USD.

Source: FE fundinfo local currency, 30/09/2023 to 31/12/2023. See MSCI and ICE disclaimers on final page.

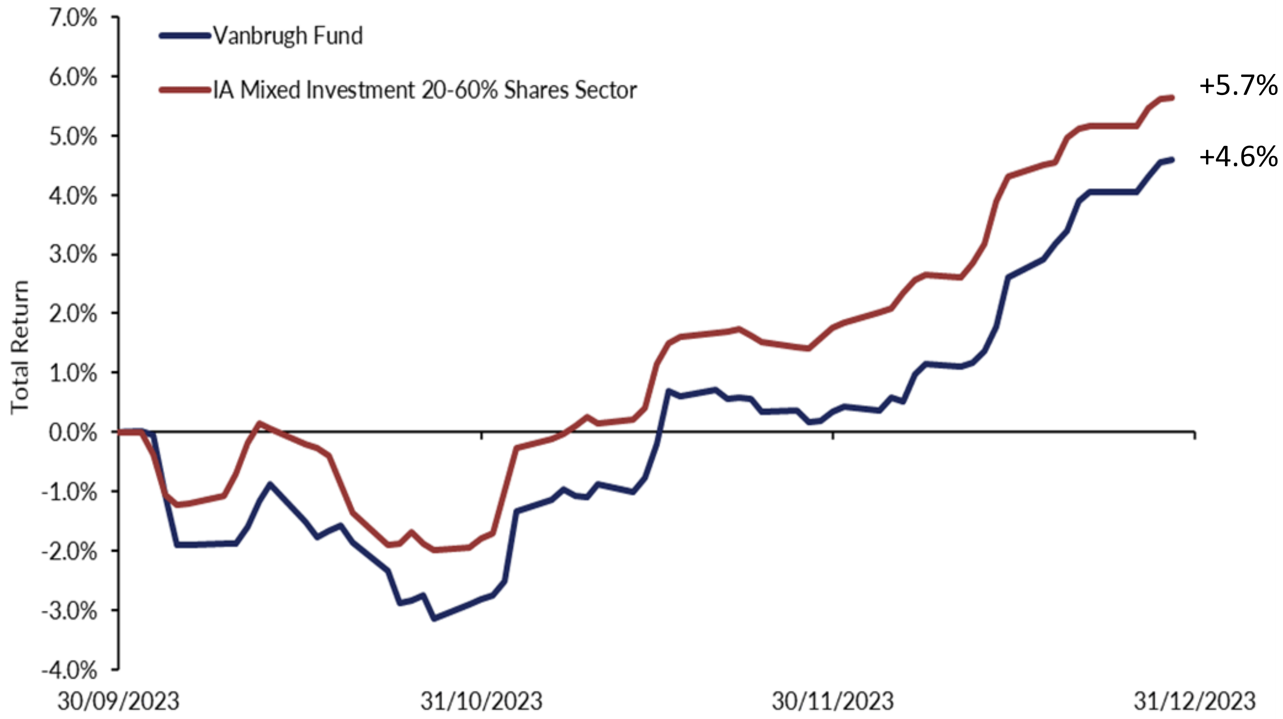
QUARTERLY FUND PERFORMANCE

Largest contributors:

- Allianz Index-Linked Gilt +0.78%
- Man GLG Sterling Corporate Bond +0.44%
- WS Gresham House UK Multi Cap Income +0.35%

Largest detractors:

- Hipgnosis Songs –0.14%
- Digital 9 Infrastructure –0.14%
- Taylor Maritime –0.10%

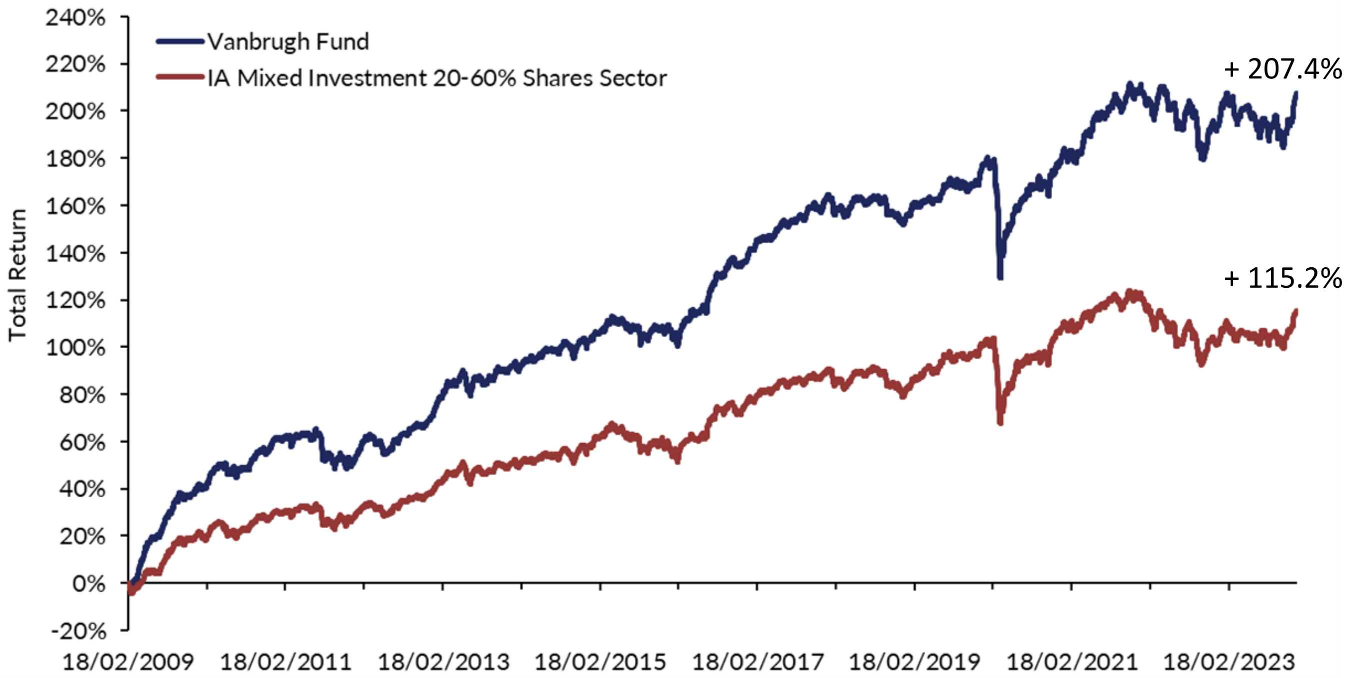


- Allianz Index-Linked Gilt rose against a backdrop of sharply declining nominal and real yields during the quarter.
- Man GLG Sterling Corporate Bond benefited from the decline in government bond yields, combined with tightening credit spreads.
- WS Gresham House UK Multi Cap Income rose in line with the broader UK equity market.
- The Board of Hipgnosis Songs is undertaking a strategic review, with a new chair in place. During the quarter the dividend was suspended, but the interim results released were better than expected. The shares finished modestly lower.
- Digital 9 Infrastructure announced the sale of a large asset, but the share price fell as the market had hoped for better terms for the transaction.
- Taylor Maritime released a lower NAV during the quarter, but guided that much of the reduction had been unwound post period end as the handysize bulker market where the portfolio is concentrated enjoyed sharply rising charter rates. The shares drifted lower and continue to trade on an attractive discount to NAV.

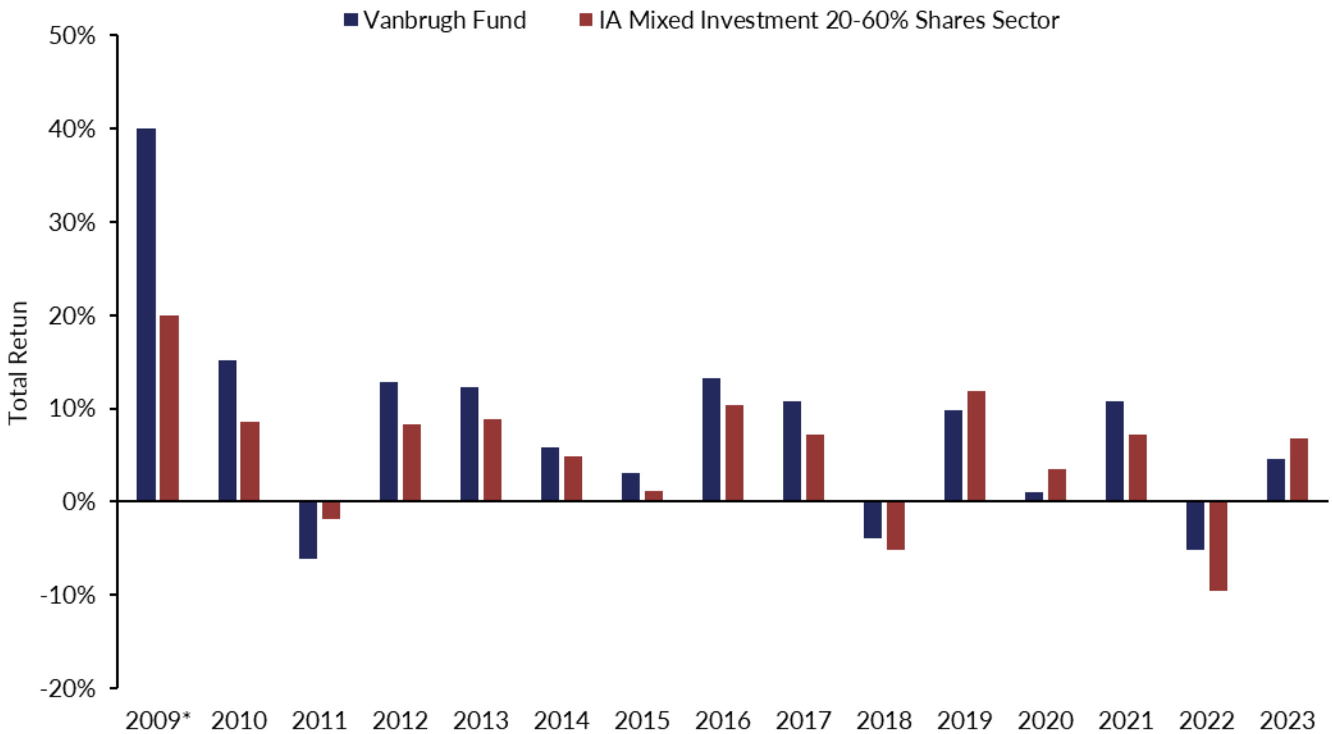
Source: FE fundinfo and internal, 30/09/2023 to 31/12/2023, must be held for entire period and uses month end weighting (text). FE fundinfo, 30/09/2023 to 31/12/2023 (chart).

SINCE LAUNCH FUND PERFORMANCE

Cumulative performance

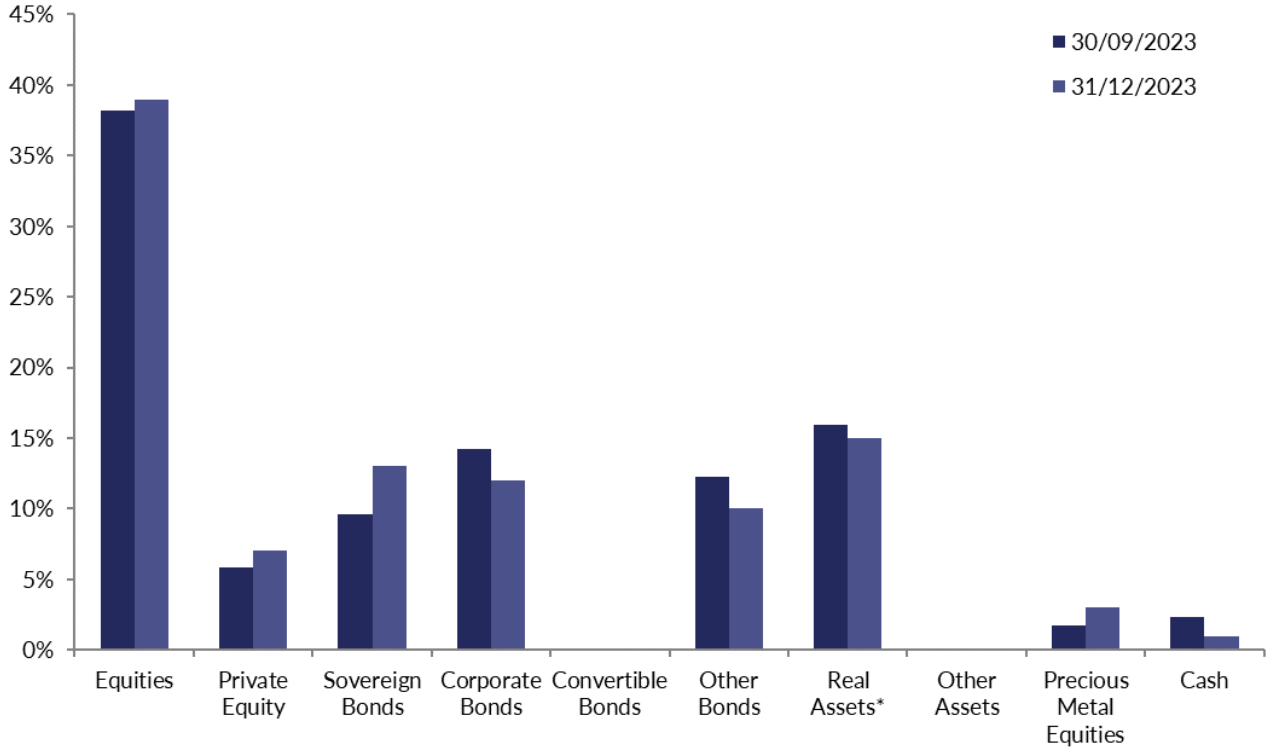


Discrete calendar year performance



Source: FE fundinfo, 18/02/2009 to 31/12/2023 (top). *From launch on 18/02/2009, (bottom).

ACTIVITY



This chart calculates the asset breakdown on a look through basis of the underlying holdings, therefore there may be differences in the breakdown shown here and on page 7.

Sales:

- Alternative Income REIT
- Harmony Energy Income Trust
- Jupiter Gold & Silver
- Man GLG High Yield Opportunities
- TM Crux UK Special Situations

Summary:

Dealing during the quarter was focused on exiting lower conviction positions, with proceeds used to top up existing holdings where we have greater confidence in future return prospects. Jupiter Gold & Silver was sold, with proceeds reinvested into the existing position in Ninety One Global Gold. The former provides exposure to gold and silver bullion and equities, while the latter is purely focused on gold equities. Physical gold has significantly outperformed gold miners in recent years, driven by strong demand from central banks, China and India. As a result, gold miners are very attractively valued and we are taking the opportunity to increase dedicated exposure. The small remaining position in Alternative Income REIT was exited, with our preference for well established, larger, more liquid peers offering similar return prospects such as LXi REIT catalysing the full sale. Harmony Energy Income Trust was sold on growing concerns that falling battery revenues combined with project completion delays would impact medium term dividend cover. Man GLG High Yield Opportunities was sold after a strong run driven by tightening credit spreads. TM Crux UK Special Situations was sold as we rationalised UK equity exposure, materially increasing Artemis UK Select with the proceeds.

Source: Internal, 31/12/2023, *including Precious Metal Bullion.

HOLDINGS

Equities 48%
Aberforth UK Small Companies
Arcus Japan
Artemis UK Select
Augmentum Fintech
Bluebox Global Technologies
Chikara Indian Subcontinant
Chrysalis Investments
CIM Dividend Income
CT Private Equity Trust
Federated Hermes Asia ex Japan Equity
ICG Enterprise Trust
M&G Japan Smaller Companies
Ninety One Global Gold
Nippon Active Value
Oakley Capital Investments
Odyssean Investment Trust
Pacific North of South EM Income Opportunities
Polar Capital Global Insurance
Polar Capital Japan Value
Polar Capital UK Value Opportunities
Prusik Asian Equity Income
Schroder Capital Global Innovation Trust
Slater Growth
Strategic Equity Capital
VT De Lisle America
VT Teviot UK Smaller Companies
WF Gresham House UK Multi Cap Income

Cash 1%

Bonds 36%
Allianz Index-Linked Gilt
Artemis Corporate Bond
BioPharma Credit
CG Dollar
Close Sustainable Select Fixed Income
Man GLG Sterling Corporate Bond
Morgan Stanley Emerging Markets Debt Opportunities
RM Infrastructure Income
Schroder Strategic Credit
TwentyFour Income
TwentyFour Monument Bond

Real Assets 15%
Cordiant Digital Infrastructure
Digital 9 Infrastructure
Greencoat UK Wind
Gresham House Energy Storage
Hipgnosis Songs
Life Science REIT
LXi REIT
Phoenix Spree Deutschland
Taylor Maritime
Tufton Oceanic Assets
WisdomTree Core Physical Gold

OUTLOOK

Our equities exposure is highly differentiated compared to passive index options and many other actively managed funds. We have very little exposure to large cap US equities which trade on close to all-time high valuations and therefore offer close to all-time low prospective returns. Instead, our exposure is focused on attractively valued portfolios managed by experienced, highly active fund managers able to take advantage of huge valuation dispersion to build portfolios with attractive return prospects without having to take on significant balance sheet or cyclical risks. Areas where we identify excellent opportunities include UK equities (across the market cap spectrum), which trade at historically low valuations. Japanese equities, where corporate governance improvements are helping to unlock the significant value in the market and with the potential benefits of the yen exposure (which is historically cheap vs other currencies) in weaker market conditions. Many areas of Asian and emerging market equities are also historically cheap, offering very high starting yields (6-10%) underpinning future return prospects.

Our bond exposure is biased towards higher quality credit and government bonds as we believe credit spreads in high yield bonds are not adequately compensating investors for rising default risk. We are able to get access to actively managed funds offering significant yield pick up versus passive bond options, with yield to maturities ranging from 8% for AA rated RMBS to over 10% for BBB rated sterling corporate bonds. For context, over the very long term equities tend to do 7-8% annualised nominal returns. We can get similar returns from investment grade bonds. We have been increasing exposure to inflation linked government bonds which we would expect to perform well should the economic outlook darken, bringing significant portfolio diversification benefits. The shift higher in real yields from the deeply negative levels that have prevailed over the last decade means it's possible to harvest a positive return on these hedges for the first time in years.

Our investment trust exposure is skewed towards deeply discounted alternative assets such as digital infrastructure, shipping, private equity and song royalties where engagement and corporate events are key to realising value over the coming 12-18 months. The weighted average discount in the portfolios is -24%, far wider than the trust sector as a whole at -9%.

Source: Internal, 31/12/2023. Each fund has been allocated to an asset class for this breakdown, therefore there may be differences in the breakdown shown here and on the asset breakdown chart on page 6.

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IMPORTANT INFORMATION

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Please read the Prospectus and the relevant version of the Key Investor Information Document ("KIID") which can be found on our website www.hawksmoorim.co.uk before making an investment. All information referred herein is at 31/12/2023 for the C Acc share class unless otherwise stated. C Acc share class launched 14/03/2014 so performance history extended to first share class launch date.

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