



HAWKSMOOR
FUND MANAGERS

**MI HAWKSMOOR
DISTRIBUTION FUND**

QUARTERLY REPORT
Q1 2025



For investors who are looking to receive an attractive level of income, above that of a composite index of financial assets, whilst achieving capital growth on their investments over the medium to long term.

KEY POINTS THIS QUARTER

- Distribution returned +1.2%, compared to the sector return of -1.2%
- We introduced two new holdings, and exited five positions
- There were no meaningful asset allocation changes during the quarter

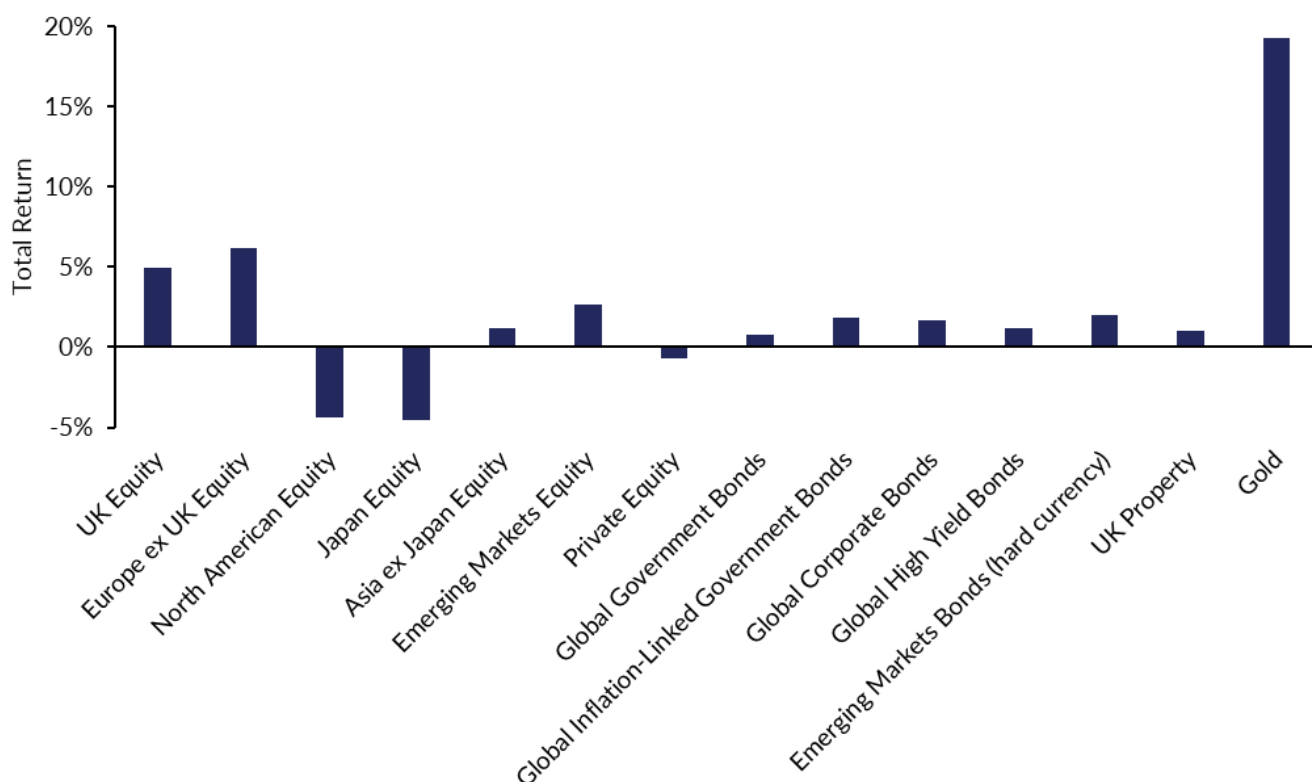
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QUARTERLY MARKET PERFORMANCE



- The period saw a stark rotation in equity markets with the previously dominant US underperforming other regions, compounded for sterling investors by a weaker dollar. The former has attracted huge capital flows in recent years helping drive significant multiple expansion, but signs of softer economic data and tariff uncertainty are prompting investors to question the risk profile of the US market. The confrontational tone of the Trump administration has prompted a policy rethink elsewhere with Europe in particular relaxing fiscal rules with a view to stimulating domestic economies. Japan aside, small and mid caps materially underperformed, compounding a protracted period of poor relative returns.
- There was divergence in sovereign bonds with German Bund yields higher on the aforementioned fiscal loosening. US Treasury yields headed in the other direction with investors presumably focussing more on the negative growth implications of tariffs as opposed to the potential inflation risks. Following a sustained period of tightening, credit spreads widened modestly in Q1, although remain close to historic tights.
- Gold was the stand out performer acting as it often does as a hedge to fear and uncertainty.

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, 31/12/2024 to 31/03/2025. See MSCI and ICE disclaimers on final page.

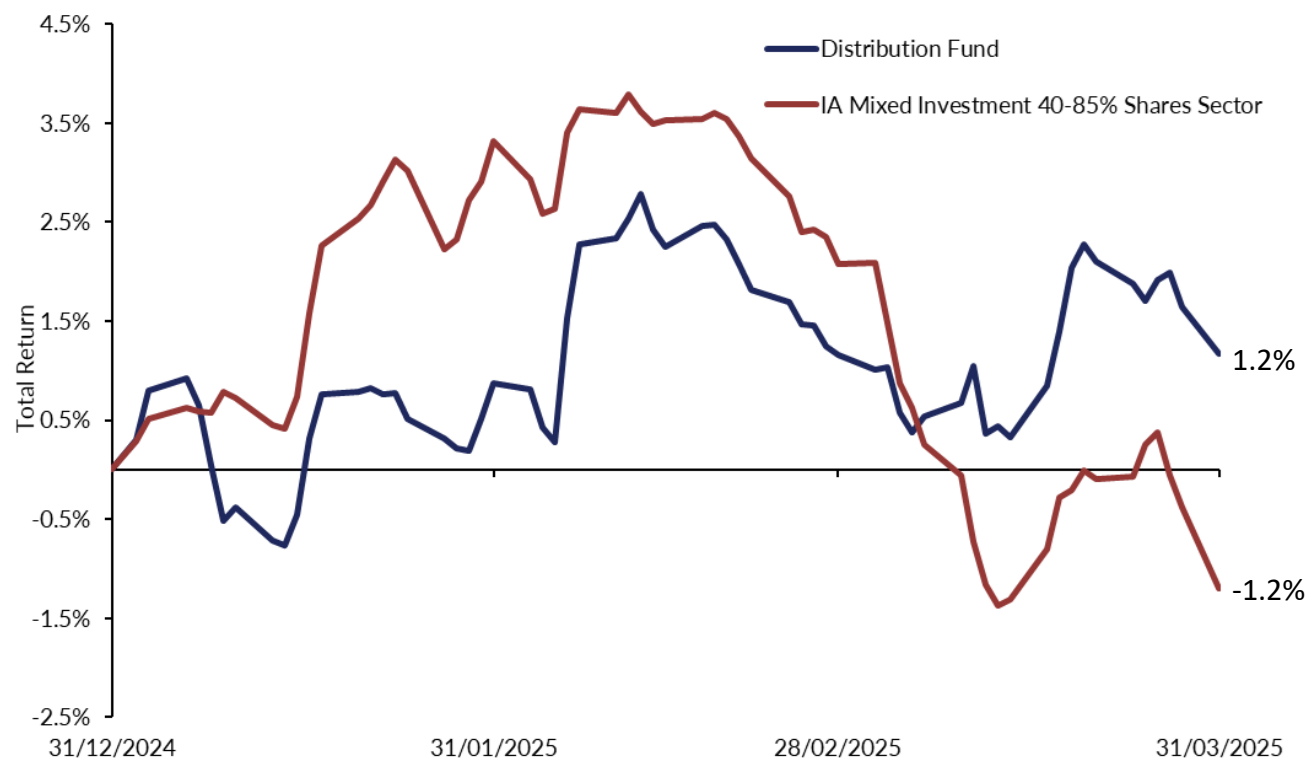
QUARTERLY FUND PERFORMANCE

Largest contributors:

- Konwave Gold Equity +1.69%
- Temple Bar Investment Trust +0.43%
- Man Income +0.40%

Largest detractors:

- VT De Lisle America -0.38%
- Taylor Maritime -0.34%
- Aberforth Smaller Companies Trust -0.31%

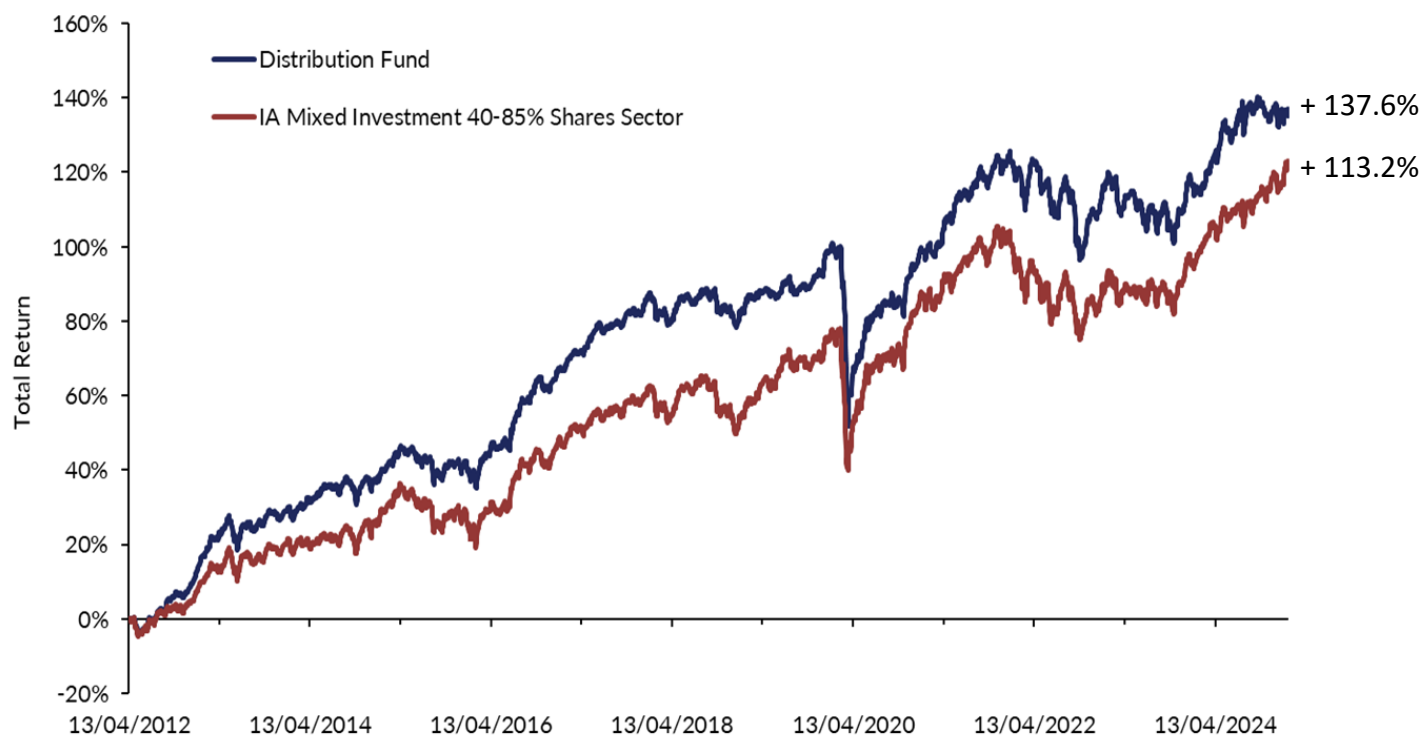


- Exposure to gold mining equities was beneficial during the quarter as investors flocked to the precious metal amid rising geopolitical uncertainty. Gold miners outperformed the move in the gold price, as typically occurs during a bull market due to the operational leverage of gold mining businesses.
- Large cap UK equity funds Temple Bar and Man Income performed well as UK large cap equities rose and likely benefitted from some rotation out of US equities which performed poorly.
- US small cap position De Lisle America performed poorly as the 'Trump trade' unwound in the short term. Taylor Maritime drifted lower despite charter rates in its shipping segment rising during the quarter. Aberforth Smaller Companies was lower as UK small and mid caps materially underperformed large caps.

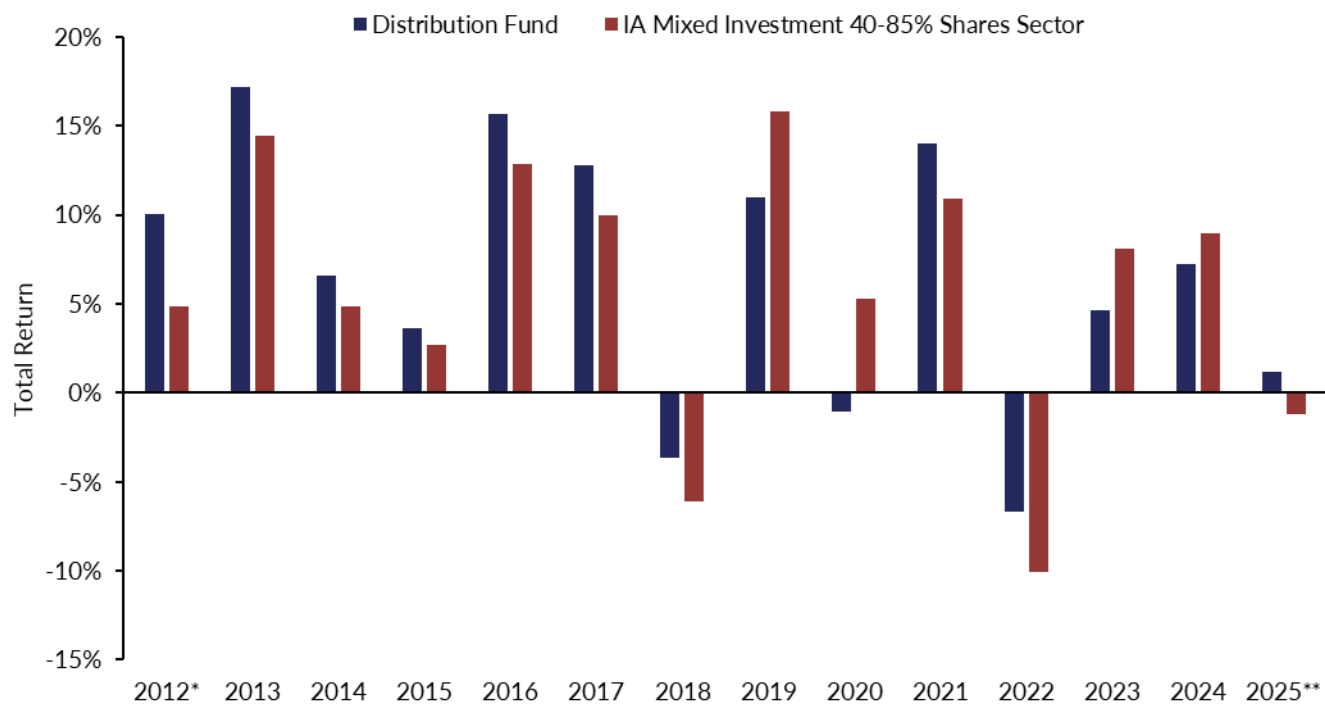
Source: FE fundinfo and internal, 31/12/2024 to 31/03/2025, must be held for entire period and uses month end weighting (text). FE fundinfo, 31/12/2024 to 31/03/2025 (chart).

SINCE LAUNCH FUND PERFORMANCE

Cumulative performance

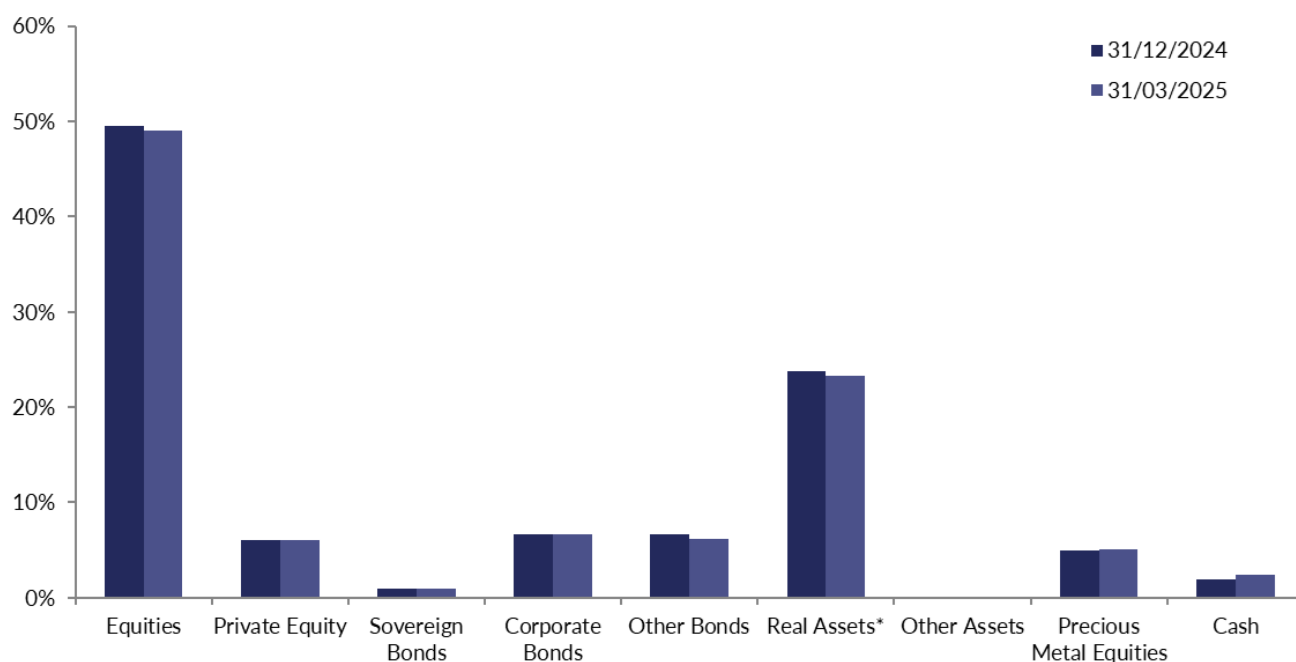


Discrete calendar year performance



Source: FE fundinfo, 13/04/2012 to 31/03/2025 (top). *From launch on 13/04/2012 (bottom). ** from 31/12/2024 to 31/03/2025.

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.

Purchases:

- Achilles Investment Company
- Smead US Value

Disposals:

- Arcus Japan
- Artemis UK Select
- BBGI Global Infrastructure
- Care REIT
- VT Teviot UK Smaller Companies

Summary:

- We participated in the IPO of Achilles Investment Company. The trust is taking stakes in a small number of other investment trusts across alternative asset classes (predominantly property and infrastructure) and seeking to unlock the value very wide discounts to net asset value present.
- We exited BBGI Global Infrastructure following a bid for the company at a material premium to the prior close share price.
- We exited the position in Teviot UK Smaller Companies, reinvesting the proceeds into an existing large cap UK equity funds in the portfolio which offer compelling valuation profiles, and helps balance the market cap exposure within the Fund.
- Arcus Japan was exited, with the position in investment trust CC Japan Income & Growth increased. The latter offers a more attractive yield profile, and we took advantage of the trust trading at a 10% discount to increase the holding.
- We introduced a position in Smead US Value. The fund offers an attractive valuation profile which is a rarity for US funds, and modestly diversifies the existing value exposure in the fund geographically.

Source: Internal, 31/03/2025, *including Precious Metal Bullion.

HOLDINGS

Equities 60%

Aberforth Smaller Companies Trust
CC Japan Income & Growth
Chikara Indian Subcontinent
Chrysalis Investments
CIM Dividend Income
CT Private Equity Trust
Konwave Gold Equity
Law Debenture Corp PLC
M&G Japan Smaller Companies
Man Income
Oakley Capital Investments
Pacific North of South EM Income Opportunities
Partners Group Private Equity
Prusik Asian Equity Income
Schroder Capital Global Innovation Trust
Smead US Value
Temple Bar Investment Trust
VT De Lisle America
VT Downing Small & Mid Cap Income
WS Gresham House UK Multi Cap Income
WS Lightman European

Cash 2%

Bonds 14%

Aegon European ABS
BioPharma Credit
GCP Infrastructure
Man High Yield Opportunities
Man Sterling Corporate Bond
Morgan Stanley Emerging Markets Debt Opportunities
RM Infrastructure Income
TwentyFour Income

Real Assets 24%

3i Infrastructure
Achilles Investment Company
Cordiant Digital Infrastructure
Downing Renewables & Infrastructure Trust
FGEN Environmental Assets Group Ltd
Greencoat UK Wind
HICL Infrastructure
International Public Partnerships
Life Science REIT
Phoenix Spree Deutschland
Taylor Maritime
The Renewables Infrastructure Group
TR Property Investment Trust
Tufton Oceanic Assets
Urban Logistics REIT

OUTLOOK

The dominant performance of index heavy, expensive US mega-cap growth stocks is coming under severe pressure from a rapid change in narrative around the US market. The actions of President Donald Trump in the days following the end of the quarter, with higher than expected tariffs applied to all goods imported to the US, sent shockwaves across global financial markets. Our investment process is not reliant on trying to predict what will happen next in global politics, what the next inflation print will be, or the reaction function of central banks. Instead, we are focused on making sure Distribution is well diversified, invested in portfolios of assets with attractive starting valuations and income potential that should underpin good long term returns for investors regardless of the short term gyrations in financial markets.

Concerns around US financial assets, which have dominated global capital markets over the past 15 years, may result in capital flowing into areas that have been left behind and where valuations are compelling: UK, European and Asian equities, alternative asset classes like renewable and core infrastructure and property, defensive assets like gold and the related gold mining equities. These form a material part of Distributions's portfolio.

In addition, the opportunity for idiosyncratic returns not dependent on the daily-changing mind of the US president are elevated. Discounts across the investment trust universe are close to all-time wide levels, activism from shareholders to unlock that value is rising, and investment trust Boards in aggregate are increasingly focused on returning capital to shareholders through rising dividends and buybacks, as well as more extreme measures including tenders and winding vehicles up.

Source: Internal, 31/03/2025. 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.

CONTACT US



David Chapman
Account Director
david.chapman@hawksmoorfm.co.uk
07384 114953

www.hawksmoorim.co.uk

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 31/03/2025 for the C Acc share class unless otherwise stated. C Acc share class launched 05/03/2014 so performance history extended to first share class launch date.

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