



HAWKSMOOR
FUND MANAGERS

**MI HAWKSMOOR
DISTRIBUTION FUND**

**QUARTERLY REPORT
Q4 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 +3.7%, compared to the sector return of +3.3%.
- We introduced one new holding, and exited one position.
- Exposure to equities was modestly reduced.
- Exposure to cash was modestly increased.

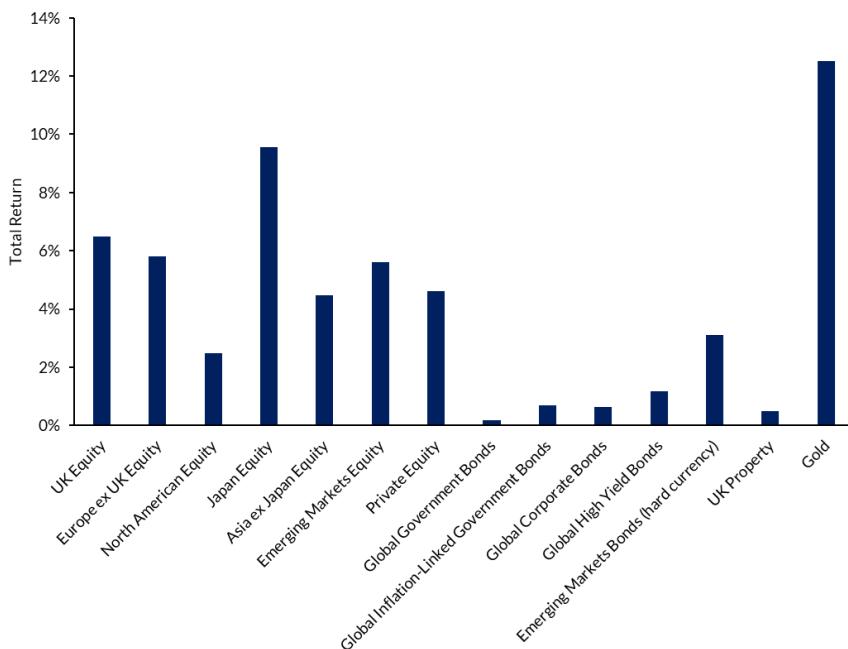
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QUARTERLY MARKET PERFORMANCE



- Equities enjoyed another decent quarter with most major markets posting positive returns, resulting in stellar performance for the full year with investors buoyed by ongoing interest rate cuts, positive earnings revisions and a tariff impact that so far has been more benign than feared. In a break with the recent past, the quarter and 2025 as a whole saw US equities lag developed and emerging market peers, a trend compounded by US dollar weakness. Whilst AI continues to dominate the airwaves, more traditional sectors led the way in most non-US markets, with 'value' as an investment style continuing its good relative performance. The quarter saw increasing commentary around the prospects of a bubble in AI stocks where heady valuations, heavy cap-ex from traditionally asset-lite businesses and circular financing arrangements are the key concerns.
- Government bond markets were flat in the period with the key US 10 year yield broadly unchanged at 4.1%, although developed market curves continue to steepen. Investment Grade credit and High Yield outperformed owing to additional carry. Spreads widened very modestly, but remain close to historic tights.
- Gold and other precious metals continued their stellar run, buoyed by ongoing central bank buying and concerns regarding fiat debasement. Despite the velocity of the bull run, Western investors remain on the sidelines, suggesting few signs yet of irrational exuberance.

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, 30/09/2025 to 31/12/2025. See MSCI and ICE disclaimers on final page.

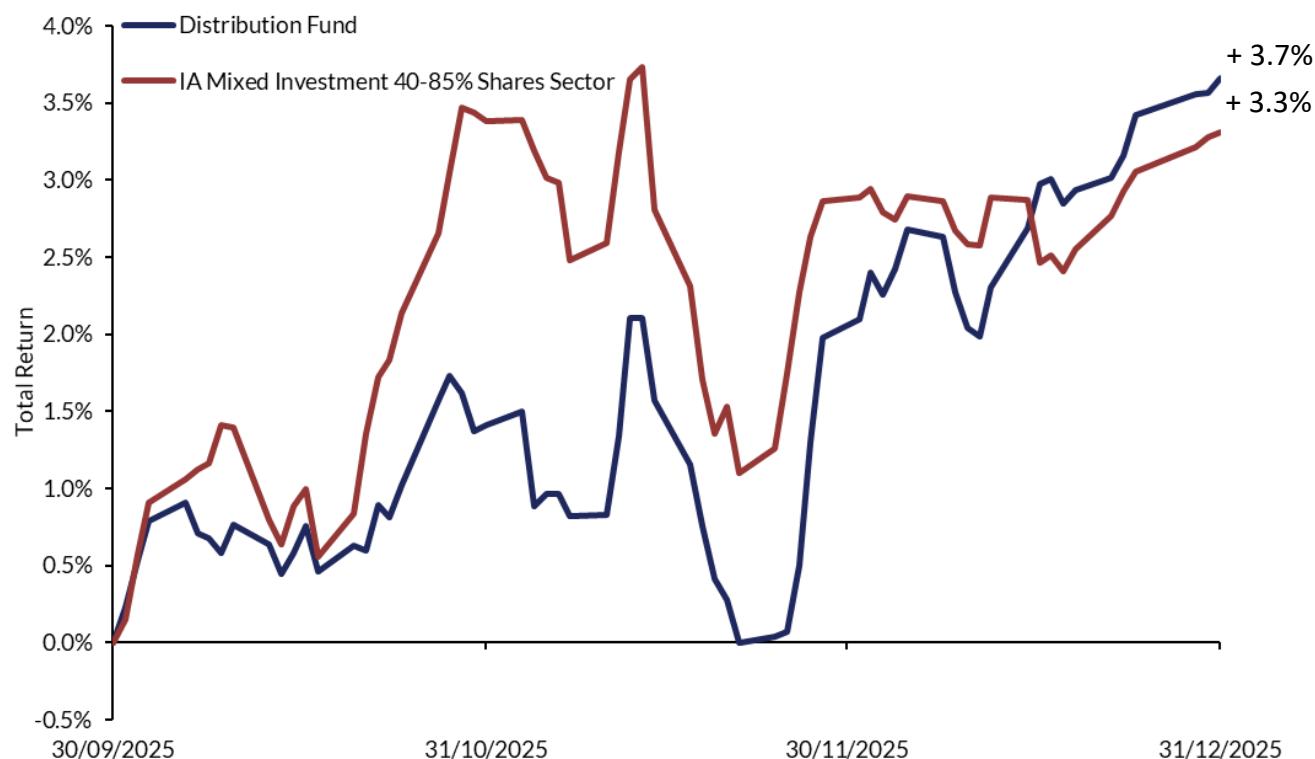
QUARTERLY FUND PERFORMANCE

Largest contributors:

- Konwave Gold Equity +1.05%
- Man Income +0.33%
- Temple Bar Investment Trust +0.28%

Largest detractors:

- Foresight Solar Fund -0.13%
- Greencoat UK Wind -0.11%
- VT Downing Small & Mid Cap Income -0.11%

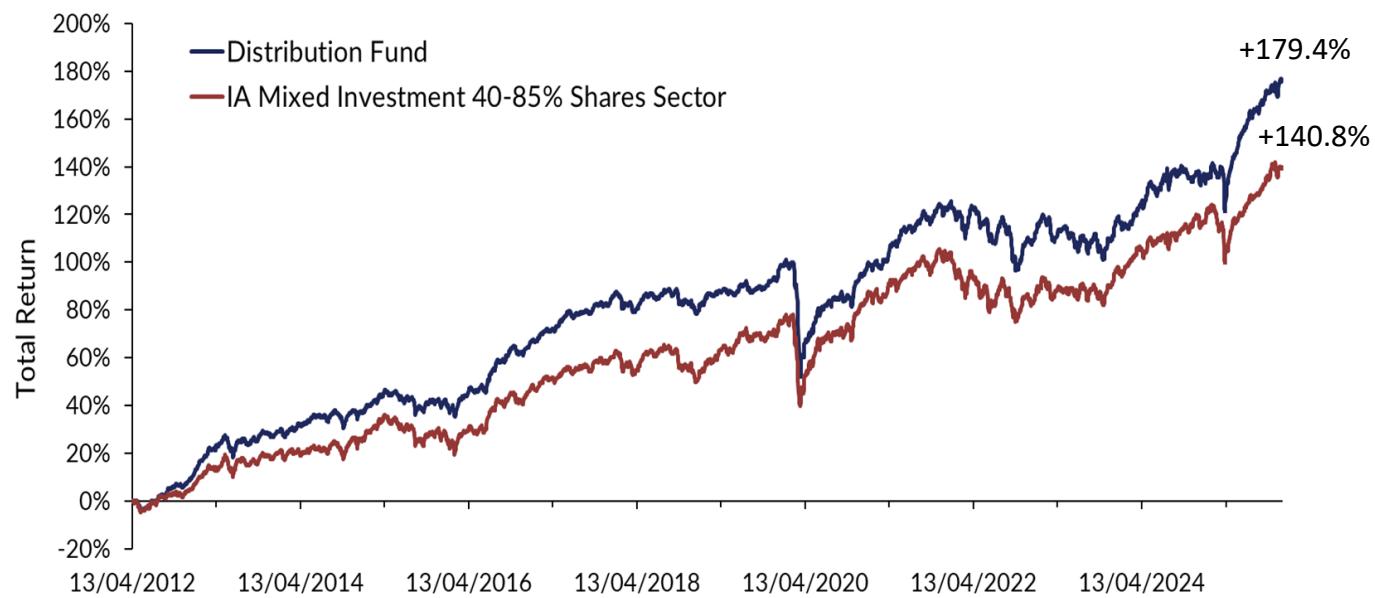


- Gold and gold miners ended a very strong year for the complex on a high. Konwave Gold Equity fund was up +22% over the quarter taking gains for the year to +185%.
- UK large caps were positive contributors during the quarter with strong gains from both Man Income and Temple bar Investment Trust. However, mid and small cap stocks in the UK continued to struggle and were weak in the run up to the budget in late November, impacting the returns generated by VT Downing Small & Mid Cap Income.
- The detractors were more modest compared to the contributors and primarily concentrated in the modest exposure to renewable infrastructure with trusts continuing to struggle amid poor sentiment towards the asset class, reflective in double digit yields on share prices and wide discounts to NAV persisting.

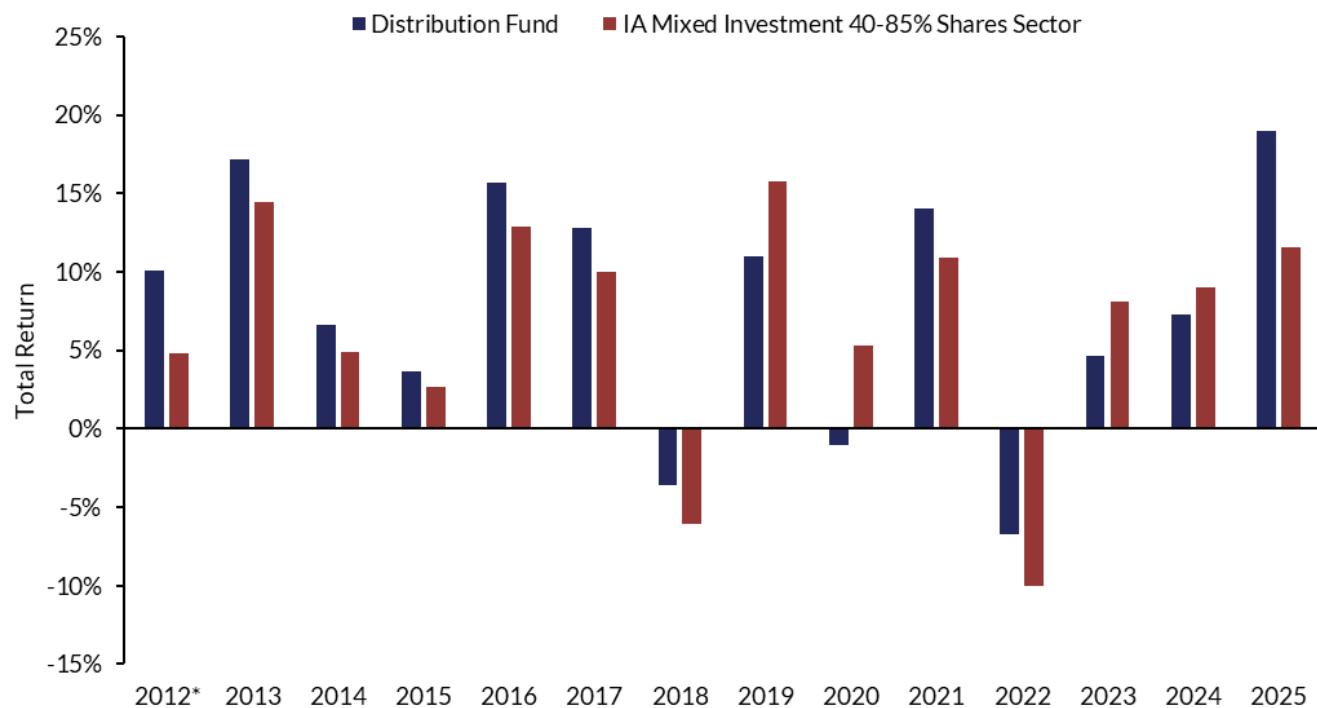
Source: FE fundinfo and Hawksmoor Investment Management, 30/09/2025 to 31/12/2025, must be held for entire period and uses month end weighting (text). FE fundinfo, 30/09/2025 to 31/12/2025 (chart).

SINCE LAUNCH FUND PERFORMANCE

Cumulative performance

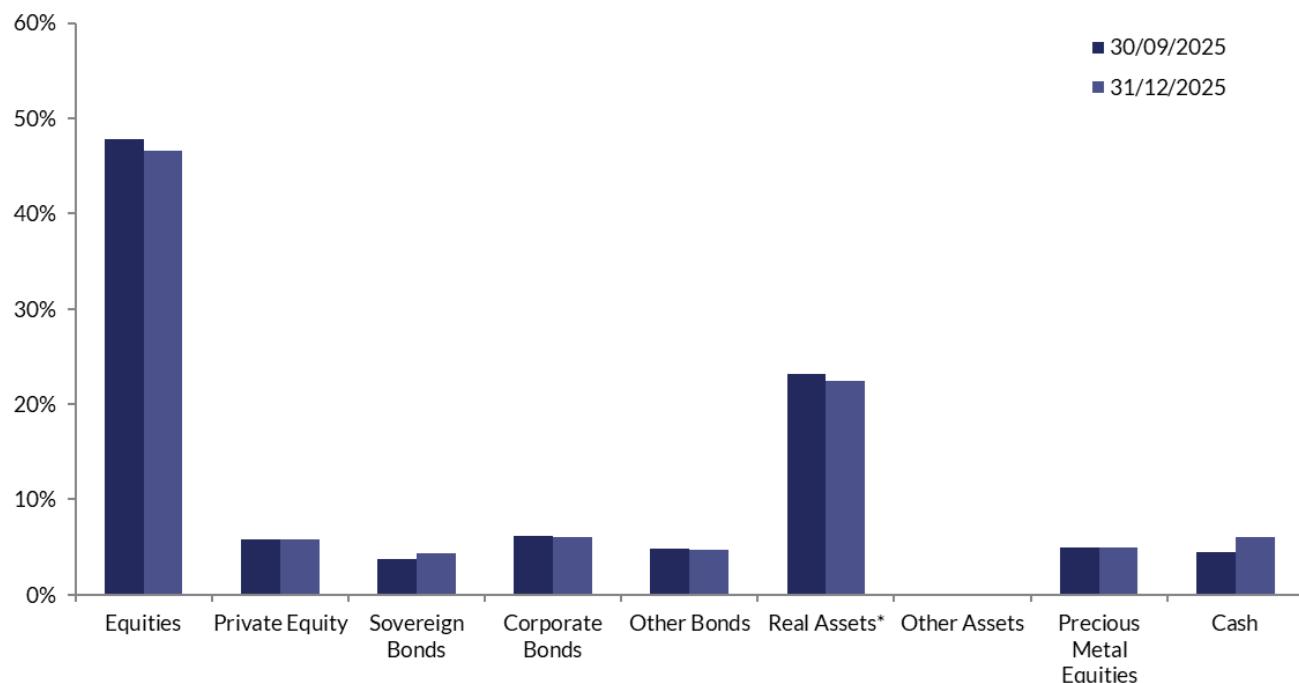


Discrete calendar year performance



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

Purchases:

- The European Smaller Companies Trust

Disposals:

- Prusik Asian Equity Income (GBP Hedged)

Summary:

- During the quarter profits were taken from some strongly performing equity markets with the cash balance increased in the short term. Much of the strong equity gains during 2025 were generated from multiple expansion, and at the same time credit spreads continued to narrow to record tight levels.
- Exposure to Asian/EM equities was rationalised with the sale of Prusik Asian Equity Income. Proceeds were reinvested into existing holdings including Pacific North of South EM Income Opportunities which is similar in style but has a stronger and more consistent long term performance track record.
- Lightman European was reduced following a strong run, with proceeds reinvested into The European Smaller Companies Trust. This adjusts the style and market cap bias within the European equities exposure away from large cap value and towards small and mid cap quality companies which have significantly de-rated.
- Extremely strong performance from Konwave Gold Equity prompted further profit taking over the quarter. In fact during the course of the year, we have sold the equivalent of the current position size in order to maintain the current weighting.

Holdings

Equities 57%

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
Nippon Active Value
Oakley Capital Investments
Pacific North of South EM Income Opportunities
Partners Group Private Equity
Polar Capital Global Insurance
Smead US Value
Temple Bar Investment Trust
The European Smaller Companies Trust
VT De Lisle America
VT Downing Small & Mid Cap Income
WS Gresham House UK Multi Cap Income
WS Lightman European

Cash 6%

Bonds 15%

BioPharma Credit
GCP Infrastructure
iShares UK Gilts 0-5yr UCITS ETF
Man High Yield Opportunities
Man Sterling Corporate Bond
Morgan Stanley Emerging Markets Debt Opportunities
TwentyFour Income

Real Assets 22%

3i Infrastructure
Achilles Investment Company
Cordiant Digital Infrastructure Limited
Foresight Environmental Infrastructure
Foresight Solar Fund
Greencoat UK Wind
HICL Infrastructure
International Public Partnerships
Life Science REIT
Phoenix Spree Deutschland
Primary Health Properties
Taylor Maritime
The Renewables Infrastructure Group
TR Property Investment Trust
Tufton Assets Ltd

OUTLOOK

Recent years' performance has been dependent on how much US equity exposure investors owned, in particular the largest technology companies driving the AI theme. 2025 saw a much broader range of asset classes perform well and US equities underperform global equities. This broadening out phase is something we have been expecting and has benefitted Distribution's diversified portfolio focussed on asset classes with attractive starting valuations that should underpin good long term returns for investors regardless of the short term gyrations in financial markets.

Despite the strong returns in 2025 from UK, European, Japanese and Asian equities, and physical gold and gold mining equities, we believe these remain good value in the current environment and they remain a material part of Distribution's portfolio.

In addition, the opportunity for idiosyncratic returns across the investment trust universe remains large given the wider than average discounts, attractive dividend yields and elevated levels of corporate activity. Our engagement with boards continues and we are confident of further gains from Distribution's investment trust exposure in the coming years.

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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 31/12/2025 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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