



HAWKSMOOR
FUND MANAGERS

**MI HAWKSMOOR
DISTRIBUTION FUND**

QUARTERLY REPORT
Q1 2026



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 -1.9%, compared to the sector return of -1.7%.
- We introduced two new holdings, and exited four positions.
- Exposure to private equity was reduced.
- Exposure to public equity was increased.

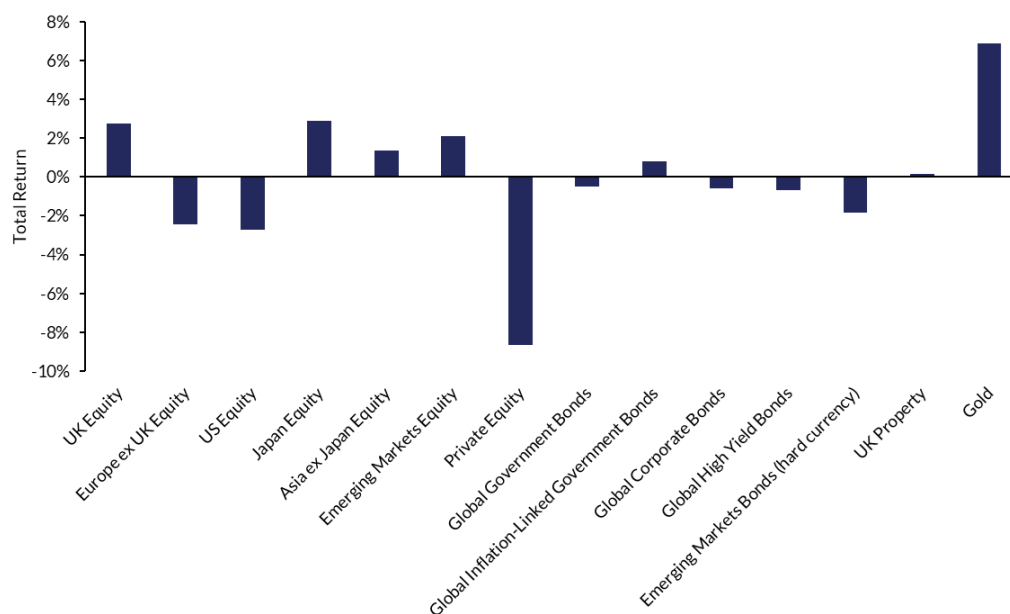
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QUARTERLY MARKET PERFORMANCE



- Equity markets enjoyed a strong start to 2026, with the likes of the UK, Japan and Emerging Markets posting double digit returns up to the end of February. The outbreak of conflict in the Middle East saw much of these gains reverse. With the all important Strait of Hormuz effectively shut, economies reliant on energy imports bore the brunt in the sell-off, whilst the US with its abundant oil supply and deep industrial base outperformed in March, but continues to lag YTD. Erratic Presidential tweets and difficulties forecasting the duration of the war have resulted in elevated volatility, but the moves so far seem consistent with a relatively quick resolution. A more protracted conflict would likely pressure valuations lower given the deeper negative impact on inflation and growth.
- Government bonds were modestly down in the full period owing to March's sharp increase in yields as investors fretted over war and its impact on inflation. The sharpest increase was at the front end of the curve as markets began to price in interest rate hikes as opposed to cuts. Longer duration bonds still underperformed, however. Credit spreads in both investment grade and high yield widened, but only modestly so.
- Gold was extremely volatile in the period, selling off aggressively in March but remaining in positive territory YTD. The war-inspired weakness seems odd given gold's traditional appeal as a safe haven in times of geopolitical turmoil, and appears to have been driven by general de-grossing as investors sought to raise cash from profitable positions.

Data: UK Equity - MSCI United Kingdom All Cap; Europe ex UK Equity - MSCI Europe ex UK; US Equity - MSCI USA; 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, 31/12/2025 to 31/03/2026. See MSCI and ICE disclaimers on final page.

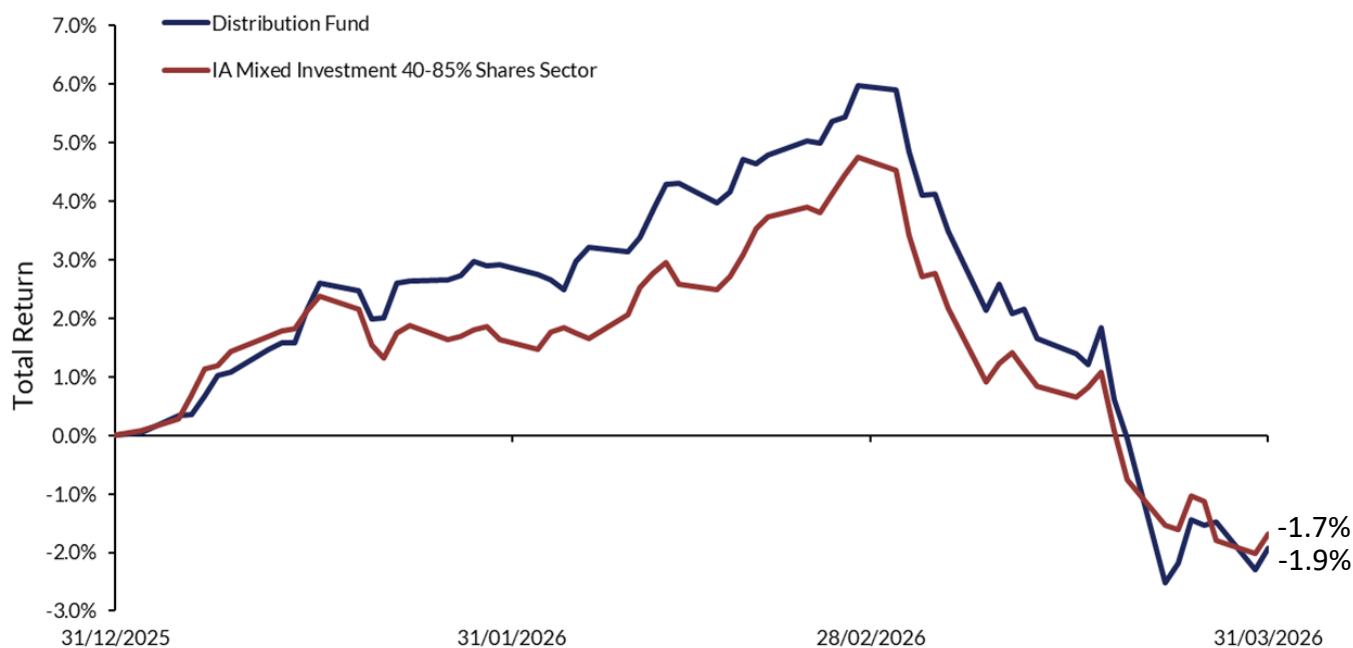
QUARTERLY FUND PERFORMANCE

Largest contributors:

- Tufton Assets Ltd +0.14%
- Nippon Active Value +0.12%
- International Public Partnerships +0.07%

Largest detractors:

- Aberforth Smaller Companies Trust -0.39%
- 3i Infrastructure -0.27%
- Oakley Capital Investments -0.23%

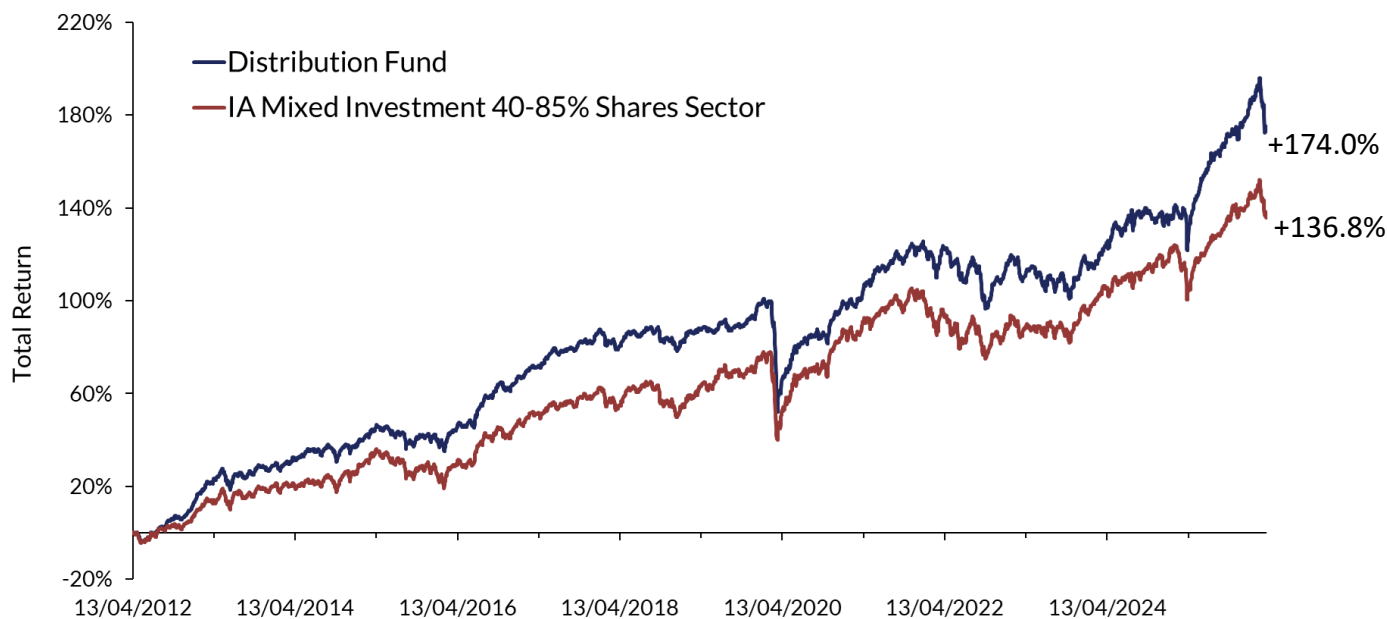


- Shipping trust Tufton Assets share price held up well during the quarter with charter rates and asset values underpinned by the impact of the Strait of Hormuz being effectively shut during March.
- Small cap Japanese trust Nippon Active Value benefited from a combination of a rising net asset value and narrowing discount.
- UK small caps sold off sharply on news of the Middle East conflict as UK GDP growth concerns surfaced and the probability of UK rate cuts diminished.
- 3i Infrastructure was weak as one underlying holding was written down to zero impacting sentiment, though this was offset by the sale of another holding at a material premium to carrying value.
- Private equity trusts came under pressure from concerns around AI's impact on Software-as-a-Service companies which tend to dominate private equity portfolios, alongside concerns about rising private credit risks with Oakley Capital's share price falling.

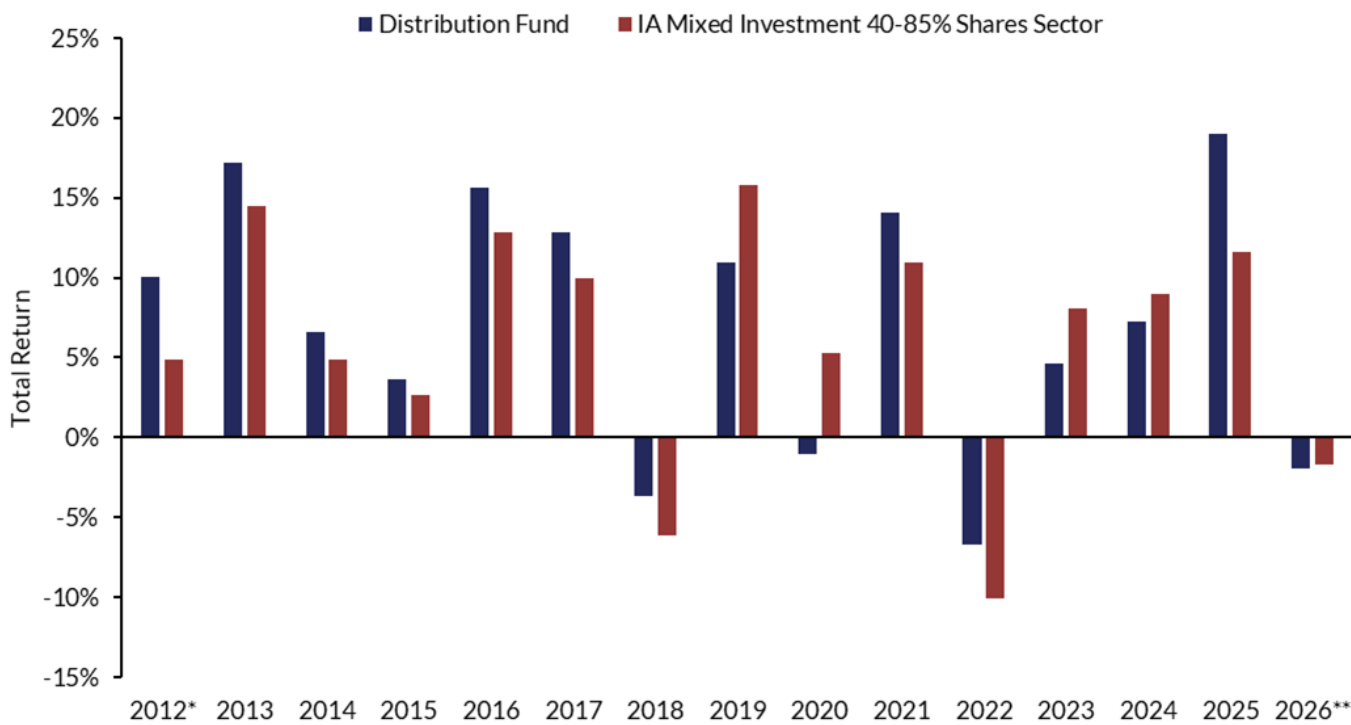
Source: FE fundinfo and Hawksmoor Investment Management, 31/12/2025 to 31/03/2026, must be held for entire period and uses quarter end weightings (text). FE fundinfo, 31/12/2025 to 31/03/2026 (chart).

SINCE LAUNCH FUND PERFORMANCE

Cumulative performance

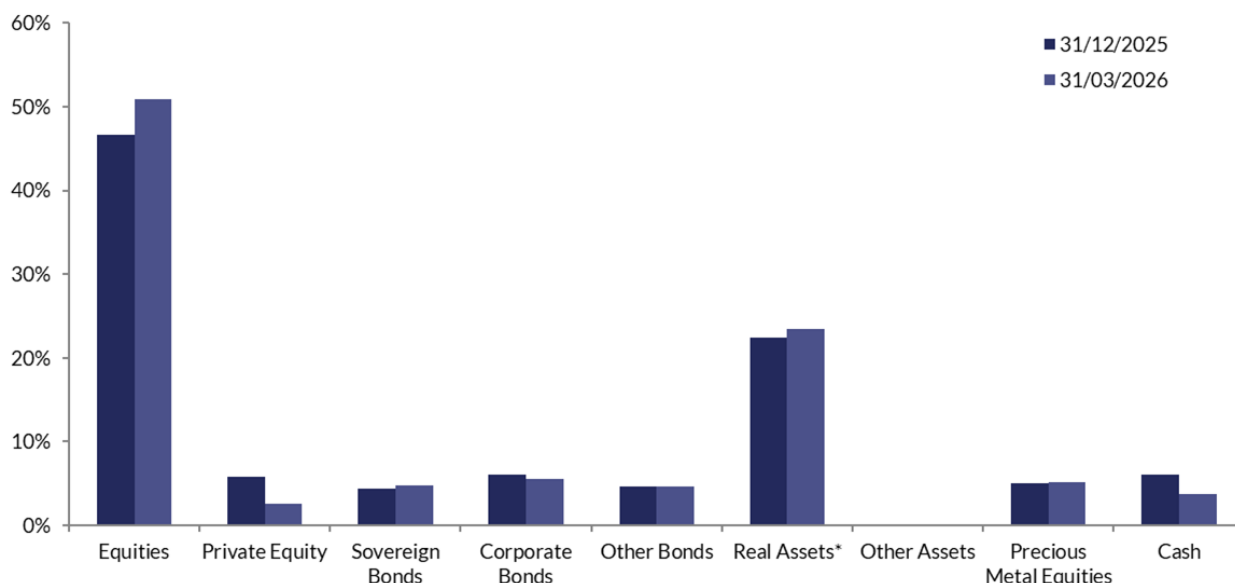


Discrete calendar year performance



Source: FE fundinfo, 13/04/2012 to 31/03/2026 (top). *From launch on 13/04/2012 (bottom). ** 31/12/2025 to 31/03/2026.

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:

- Murray Income Trust Plc
- VT Castlebay UK Equity

Disposals:

- Life Science REIT
- Man Income
- Partners Group Private Equity
- VT Downing Small & Mid Cap Income

Summary:

- Man Income was exited during the quarter. It has been a long standing holding for Distribution and performed admirably, but there are currently some very good opportunities within investment trusts where proceeds were redeployed. A change of investment manager at Murray Income created a compelling opportunity to invest in a trust on a wide discount still reflective of the previous management tenure. During the Middle East conflict sell-off, opportunities also emerged to increase existing holdings at more attractive discounts.
- One area of equity markets that had been weak for a prolonged period was UK large cap quality stocks. A new position in Castlebay UK Equity was introduced to take advantage of this with the fund offering a compelling valuation profile.
- Private equity exposure was reduced. Partners Group Private Equity was exited with proceeds reinvested into the existing position in The European Smaller Companies Trust given elevated risks around the private equity realisation environment from another major macro headwind surfacing.
- Life Science REIT was exited after it agreed a takeover offer from British Land.
- Downing Small & Mid Cap Income was exited. The fund has failed to gain sufficient size for us to have a meaningful position despite significant marketing efforts. Proceeds were reinvested into the existing position in Gresham House UK Multi Cap Income.

Source: Hawksmoor Investment Management, 31/03/2026, *including Precious Metal Bullion.

HOLDINGS

Equities 58%

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
Murray Income Trust PLC
Nippon Active Value
Oakley Capital Investments
Pacific North of South EM Income Opportunities
Polar Capital Global Insurance
Smead US Value
Temple Bar Investment Trust
The European Smaller Companies Trust
VT Castlebay UK Equity
VT De Lisle America
WS Gresham House UK Multi Cap Income
WS Lightman European

Cash 4%

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 23%

3i Infrastructure
Achilles Investment Company
Cordiant Digital Infrastructure Limited
Foresight Environmental Infrastructure
Foresight Solar Fund
Greencoat UK Wind
HICL Infrastructure
International Public Partnerships
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. US equity underperformance has continued into 2026, but the market remains expensively valued compared to other regional equity markets globally. Large cap equities have rerated in many regions, but small and mid cap equities remain attractively valued in absolute terms and relative to large caps, offering good opportunities for active investors to exploit.

Within fixed income markets, credit spreads are at very tight levels for both investment grade and high yield, with better value to be found in sovereign bonds (both nominal and inflation linked). There remains dispersion below the surface of credit markets, allowing active investors to build portfolios offering more attractive yield profiles than passive equivalents.

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. In the short term, this has been evidenced by M&A activity across the investment trust holdings with several bids for holdings during 2025 and Life Science REIT bid for during the first quarter of 2026.

In the short-term, the conflict in the Middle East raises concerns about the outlook for global growth, inflation and interest rate trajectory. As ever, the focus remains on Distribution's portfolio being robust in a range of different macro scenarios playing out, with attractive valuations of each holding being the key underpin to long-term return generation.

Source: Hawksmoor Investment Management, 31/03/2026. 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 31/03/2026 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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