



HAWKSMOOR
FUND MANAGERS

**MI HAWKSMOOR
DISTRIBUTION FUND**

QUARTERLY REPORT
Q3 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 +2.6%, compared to the sector return of +0.7%.
- We introduced two new holdings, and exited one position.
- Exposure to equities and real assets was reduced.
- Exposure to bonds was increased.

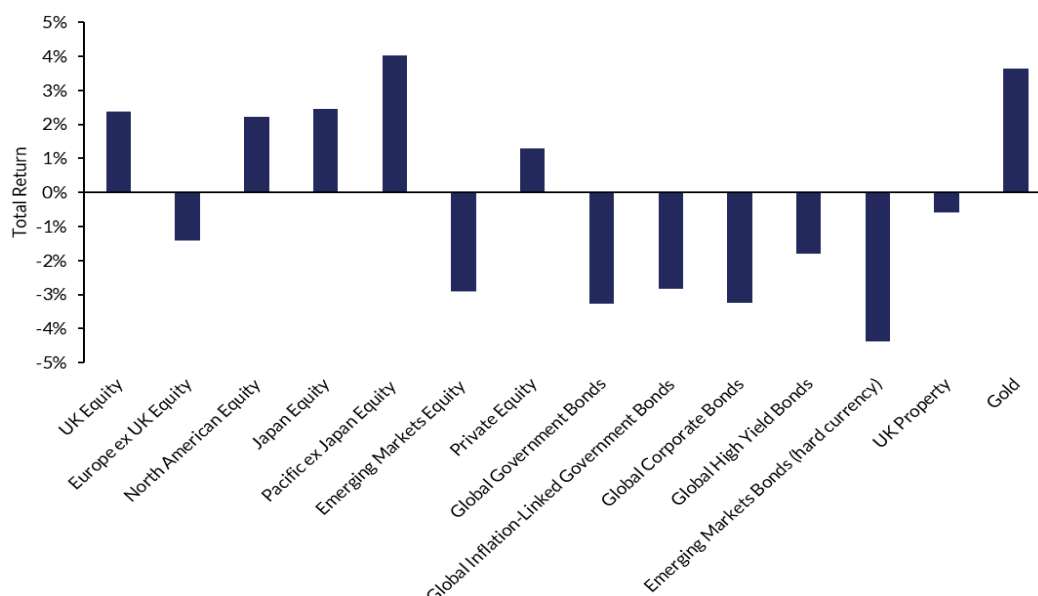
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QUARTERLY MARKET PERFORMANCE



There was divergence in equity market performance with Asia and EM experiencing modest falls, driven in part by profit taking on heavyweight AI and semiconductor stocks. These moves need to be considered in the context of the extremely strong returns posted in the second quarter. Higher bond yields typically weigh on equity valuations, dampening returns in the process, so the fact other regional markets made headway in the face of sharply rising yields requires some explaining. The prime reason for resilience lies in strong corporate earnings growth and expectations that this strength persists in the years ahead. Much of the optimism centres on the AI infrastructure buildout, with equity returns increasingly concentrated around the theme as the quarter progressed, although several other sectors enjoyed strong upgrades as well. Valuations have indeed moderated in certain markets, including the US. The question going forward will be whether historically high earnings can be sustained into the future.

Government bond yields were sharply higher across the board, moving in tandem with the oil price as the conflict in the Middle East rumbles on unresolved. Interestingly, market inflation expectations have been relatively stable however, suggesting different factors are at play in driving yields higher. Robust economic growth expectations are one explainer, a more hawkish Federal Reserve another. Meanwhile concerns regarding high and expanding fiscal deficits remain front and centre.

Most commodities were up in the period with the energy complex leading the way. Gold was also positive despite higher bond yields, helped by ongoing central bank buying and concerns regarding deficits and fiat debasement.

Data: UK Equity - MSCI United Kingdom All Cap; Europe ex UK Equity - MSCI Europe ex UK; US Equity - MSCI USA; Japan Equity - MSCI Japan; Pacific ex Japan Equity - MSCI 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, 30/06/2026 to 30/09/2026. See MSCI and ICE disclaimers on final page.

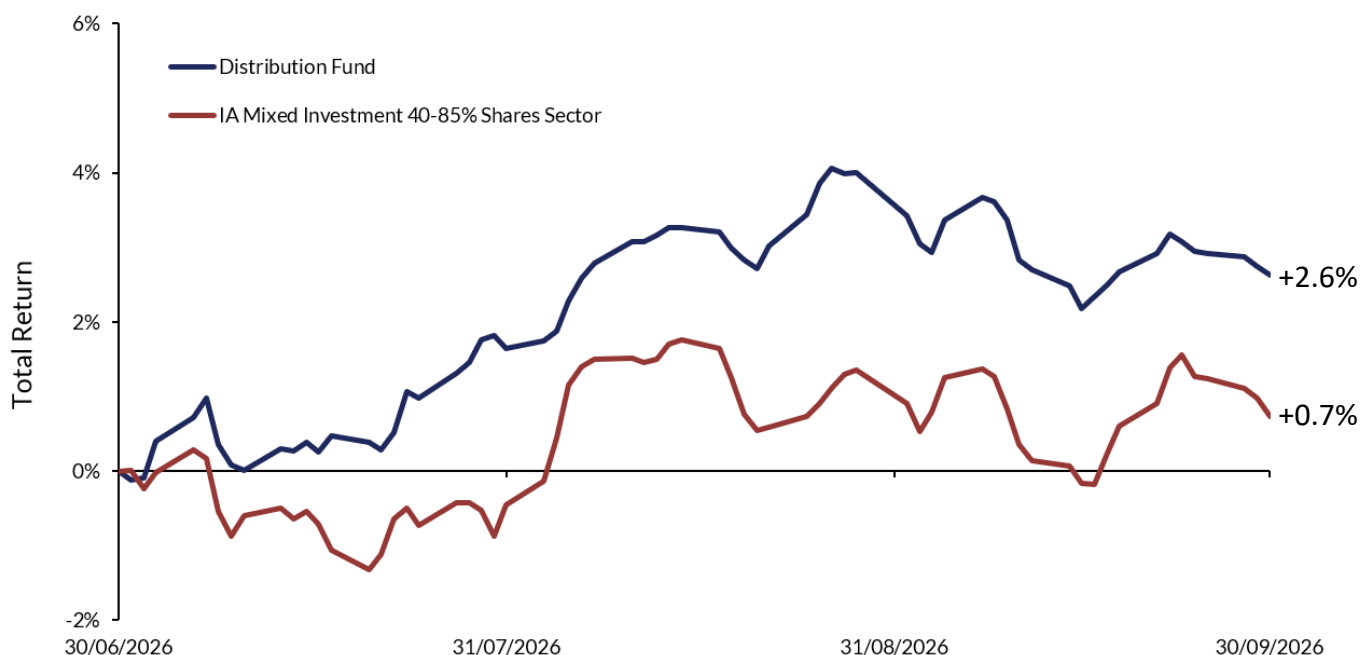
QUARTERLY FUND PERFORMANCE

Largest contributors:

- Konwave Gold Equity +0.61%
- Tufton Assets Ltd +0.26%
- Temple Bar Investment Trust +0.25%

Largest detractors:

- TR Property Investment Trust -0.18%
- VT De Lisle America -0.11%
- Phoenix Spree Deutschland -0.10%

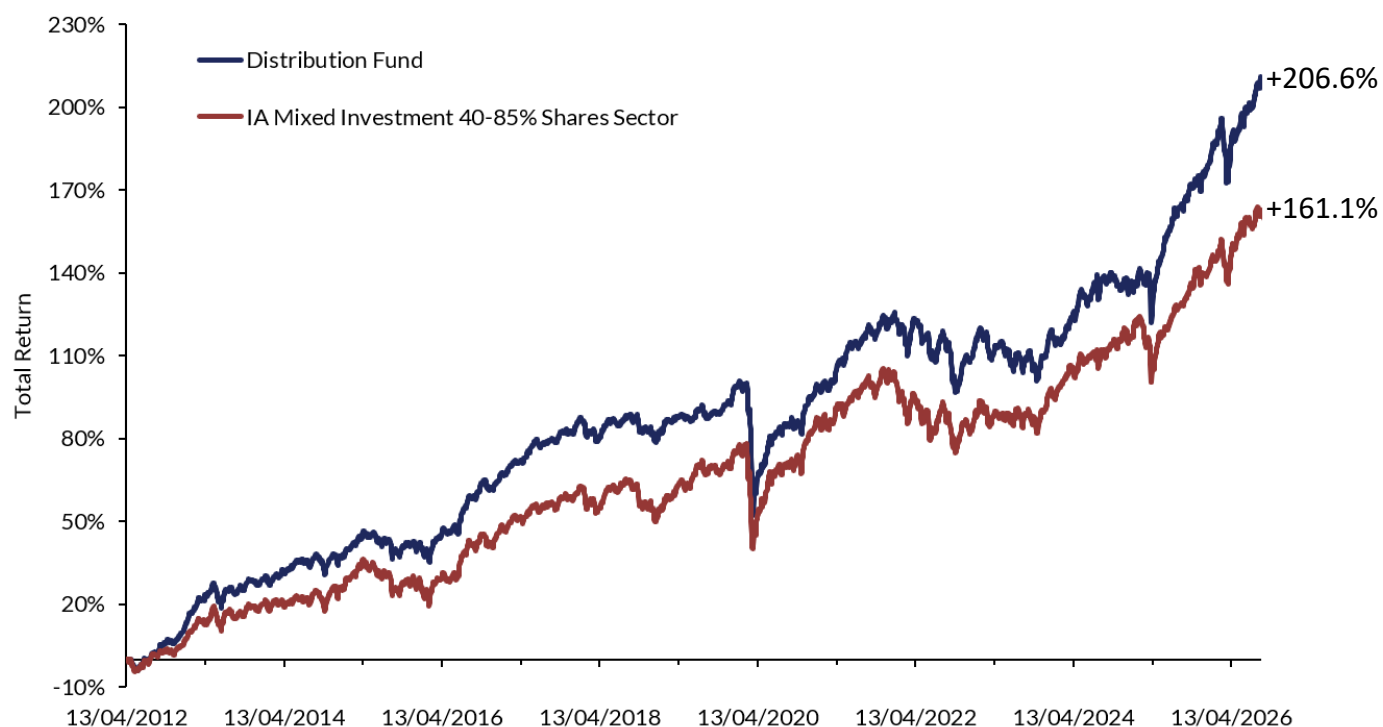


- Continued unrest in the Middle East played a significant role in the performance of asset classes during the quarter. Elevated inflation caused in part by rising oil prices improved sentiment towards real and physical assets. Consequently, the best contributors to performance were holdings in this theme, most notably Konwave Gold Equity and Tufton Assets. The price of gold rose during the quarter which helped performance of Konwave Gold Equity. Tufton Assets reported a very strong quarterly update driven by increasing charter rates and vessel valuations as the closure of the Strait of Hormuz and disruptions in other key waterways results in an effective reduction in supply.
- Returns in the US were increasingly concentrated with a small group of large-cap tech stocks doing most of the heavy lifting in driving index level returns into positive territory, although small-caps were down over the period, which is where De Lisle is predominantly invested.
- In a period of sharply rising interest rates, the property allocation struggled to perform. Phoenix Spree Deutschland owns a portfolio of residential properties in Berlin whose values were negatively impacted by rising German interest rates. Similarly, TR Property, the diversified pan-European property investment trust detracted from performance.

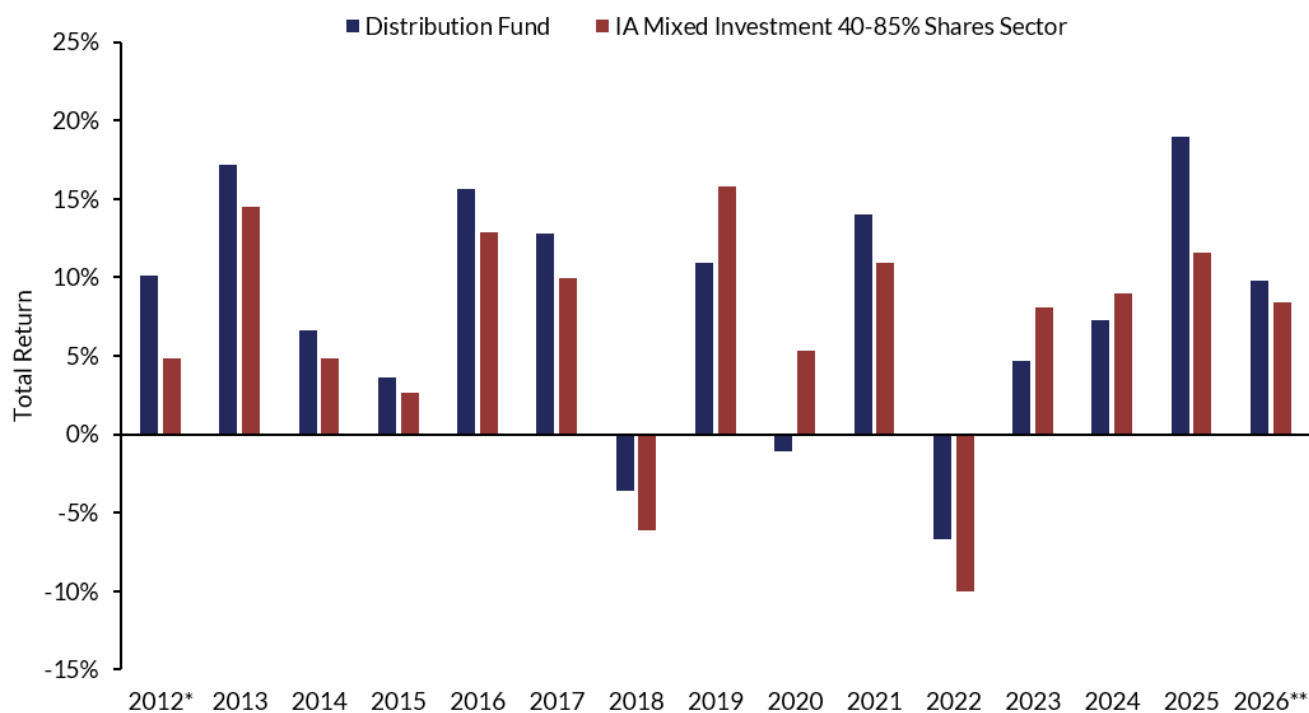
Source: FE fundinfo and Hawksmoor Investment Management, 30/06/2026 to 30/09/2026, must be held for entire period and uses quarter end weightings (text). FE fundinfo, 30/06/2026 to 30/09/2026 (chart).

SINCE LAUNCH FUND PERFORMANCE

Cumulative performance

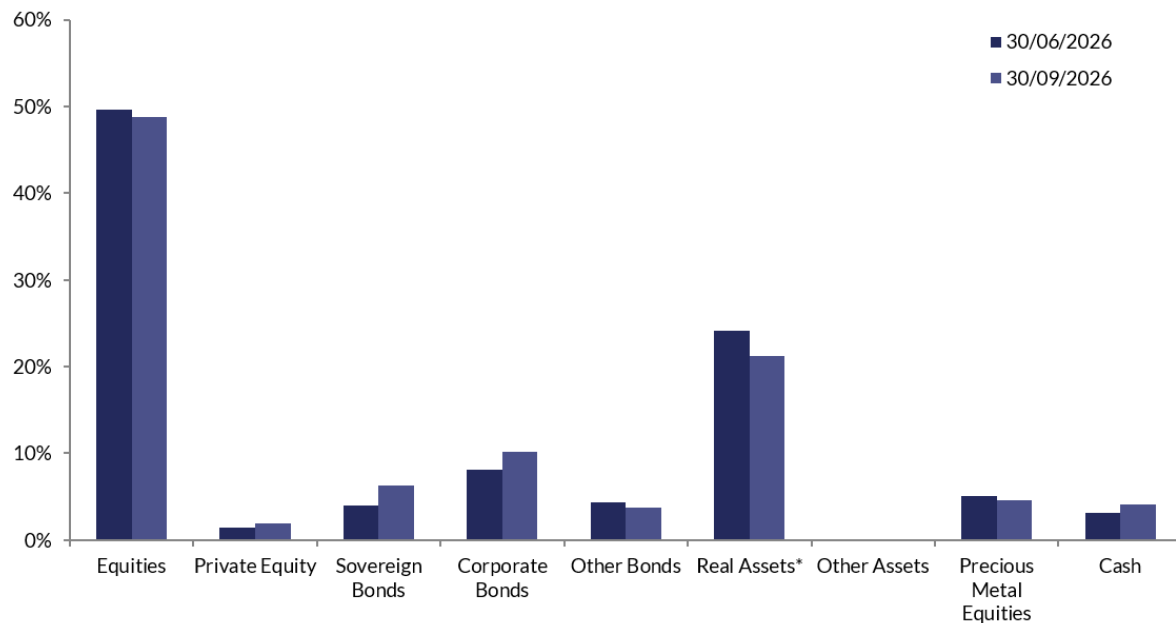


Discrete calendar year performance



Source: FE fundinfo, 13/04/2012 to 30/09/2026 (top). *From launch on 13/04/2012 ** 31/12/2025 to 30/09/2026. (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:

- Liontrust UK Smaller Companies
- M&G Investment Grade ABS Credit

Disposals:

- Aegon European ABS

Summary:

- Liontrust UK Smaller Companies fund was introduced to complement our existing UK smaller companies allocation that is predominantly comprised of funds managed with a value style. The Liontrust fund adopts a quality growth style that has experienced a severe derating over the past 5 years, reflecting a higher interest rate environment. We believe the portfolio now exhibits a compelling investment opportunity with high quality businesses with strong growth prospects trading at a very attractive valuation, relative to its own history and other asset classes.
- M&G Investment Grade ABS Credit was introduced as a straight switch out of the Aegon European ABS fund. The M&G fund is a new fund launch which we supported and benefited from the very cheap seed share class. At roughly half the OCF, it offers similar exposure to the incumbent Aegon fund and almost identical performance reflecting the low variance of returns within high quality asset backed securities. Significant due diligence was carried out on the M&G fund revealing a deep team and impressive proprietary screening and valuation systems.

HOLDINGS

Equities 55%

Aberforth Smaller Companies Trust
CC Japan Income & Growth
Chikara Indian Subcontinent
CIM Dividend Income
CT Private Equity Trust
Konwave Gold Equity
Law Debenture Corp PLC
Liontrust UK Smaller Companies
M&G Japan Smaller Companies
Murray Income Trust PLC
Nippon Active Value
Oakley Capital Investments
Pacific North of South EM Income Opportunities
Polar Capital Biotechnology
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 20%

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

Alternatives 21%

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

We remain concerned that global equity market returns have been dominated by a relatively small cohort of stocks associated with the AI infrastructure buildout, such as semiconductors in the US and Asia. During the summer there were signs of exhaustion in this theme as some of the dominant companies in this sector like Samsung and SK Hynix fell sharply in value in a relatively short period of time and had a negative impact on global stock markets given their large weights in indices. Sentiment improved towards the end of the quarter and US equity markets hit all-time highs in early October. Despite concerns about concentrated markets, there remains plenty of opportunities for active managers able to invest away from the large index constituents as the majority of companies and sectors across global markets have been starved of capital and consequently look attractively valued in absolute terms. The Distribution Fund's equity allocation is dominated by active managers seeking value below the aggregate index level.

Within fixed income markets, credit spreads remain 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 Fund's exposure to sovereign bonds and actively managed corporate bond funds has consequently been increasing in response to this dynamic.

Further discount narrowing within the infrastructure investment trust sector has reduced the yields on offer leading to some profit taking. However, we anticipate further rerating in the sector as corporate activity reduces the supply of shares at the same time as demand is steadily increasing as investors seek real assets in an inflationary environment.

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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 30/09/2026 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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