

01/04/2021

Our current thinking is consistent with the information detailed in our 2020 Annual Investor letter. We view asset prices as high; we think that there are numerous pointers of excess. Despite these concerns, we do like the investments that the fund holds and expect to own most of these businesses for many years.

Operationally, the fund's investments have performed well over the past 18 months in the context of the macro environment. This positive operating performance is starting to be credited by the equity markets.

We are interested in the manner that bond yields have elevated since January. To date, equity markets have largely looked through this dynamic as a normalisation process with the progression of COVID. We think the tone of the moves is a bit different, it feels to us like bond markets are maybe starting to push back against fiscal and monetary stimulus efforts.

Currently, the fund is 62% invested and holds 13 long investments; this compares to 79% and 17 investments at 31st December 2020. In addition, the fund also holds some short-term equity put options covering 24% of its capital. These options have similar characteristics to the long investments held in the fund; the options are intended to provide support if there is short-term, broad based weakness. The reduced invested position over the quarter was significantly the result of:

- 1) Selling the investment in Tikkurila Oyj at EUR 33.13 from January to March.

The fund held an investment in Tikkurila from August 2017. The investment realised an annualised IRR of 20.6 % and contributed 5.7% to the fund's returns. In December 2020, PPG Industries, Inc bid EUR 25 to acquire Tikkurila. PPG increased their bid to EUR 27.75 in January, after an unnamed suitor (later disclosed as Hempel A/S) approached Tikkurila. Akzo Nobel N.V. then bid EUR 31.25 and PPG ultimately increased their bid to acquire Tikkurila to 34 EUR. At this price we were willing sellers. The sale reduced the fund's invested position by 9%.

- 2) Exiting the balance of the fund's European airport investments (Aena S.M.E., S.A. and Flughafen Zurich AG)

The fund acquired these investments early in 2020 as markets initially reacted negatively to COVID 19 concerns. As the year progressed, the economic impacts of COVID were worse than we anticipated at the time we acquired these investments while the valuation of these and similar assets has been more resilient than we expected. As such, we viewed these investments as marginal, the valuation support seemed skinny. The European airport investments contributed 56 bps to the fund's returns, the sales reduced the invested position by 3.2%.

- 3) Selling the investment in National Grid plc at GBP 8.10 in March.

The fund held an investment in National Grid from May 2019. The investment realised an annualised IRR of 6.4% and contributed 29 bps to the fund's returns. We sold the position because we were

dumfounded by what they are paying for WPD in March 2021. The sale reduced the fund's invested position by 2.7%.

We are content to be patient with the fund's available cash. We will look to invest it when we identify suitable opportunities.

Please do not hesitate to contact us if you would like to discuss our activities in detail.

Miles, Nigel and Toby.

| Returns (to 31/03/2021) | Fund |
|-------------------------------|--------|
| Since inception* (annualised) | 8.5% |
| Since inception* (cumulative) | 144.4% |
| Rolling 5 year (annualised) | 5.9% |
| Rolling 3 year (annualised) | 4.7% |
| Rolling 1 year | 29.2% |
| Standard deviation | 9.5% |

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| July | | 1.14% | -1.95% | -3.06% | 2.03% | 1.98% | 0.45% | -1.62% | -1.57% | 4.99% | -0.35% | -0.86% |
| Aug | | -0.33% | -0.32% | 0.45% | 1.42% | -0.39% | -1.39% | -0.18% | 1.21% | 1.50% | -1.64% | 2.97% |
| Sept | | 0.60% | -2.18% | 1.89% | 0.52% | 4.18% | -1.19% | 1.34% | 3.04% | -4.26% | 1.23% | -0.66% |
| Oct | | 2.12% | 0.83% | 1.30% | 1.43% | 2.53% | 0.27% | -0.21% | 0.56% | -1.60% | 0.51% | 1.69% |
| Nov | | 0.47% | -1.22% | -2.46% | 3.97% | 11.10% | 0.60% | 4.50% | 2.73% | -0.54% | 1.36% | 7.61% |
| Dec | | -0.24% | 0.27% | 6.93% | 1.13% | 3.00% | -3.07% | 2.46% | 0.06% | -3.05% | -0.02% | 1.99% |
| Jan | | 0.31% | 0.84% | 9.92% | -0.54% | 0.97% | -1.77% | -5.16% | 1.32% | 2.20% | 1.93% | 2.82% |
| Feb | | 1.78% | 0.02% | 2.69% | -0.81% | 1.57% | 1.77% | -0.59% | -1.66% | 3.91% | -7.52% | 1.72% |
| Mar | | 1.06% | 5.59% | -0.44% | -1.45% | -0.04% | -0.84% | 1.21% | -0.52% | 0.53% | -9.67% | 4.36% |
| Apr | *0.04% | -1.94% | 1.62% | 4.45% | 0.08% | 0.32% | 1.72% | 1.34% | 1.27% | 2.11% | 0.43% | |
| May | -0.78% | 1.01% | -0.37% | 8.63% | 1.29% | 0.47% | 4.12% | 1.84% | -0.23% | -3.64% | 4.11% | |
| Jun | -0.76% | -0.70% | -2.58% | 1.68% | 0.02% | -2.61% | -0.79% | 0.37% | -1.21% | 1.56% | 0.05% | |
| Fin Yr | -1.49% | 5.33% | 0.29% | 36.06% | 9.33% | 24.95% | -0.31% | 5.10% | 4.97% | 3.28% | -9.97% | |
| Cal Yr | | -3.10% | 10.12% | 43.95% | 22.40% | -3.70% | 10.76% | 4.89% | -4.23% | 7.82% | 0.82% | |

* Inception date: 15/04/2010. Past Performance is not a reliable indicator of future performance and no guarantee of future returns is implied.

- The fund's daily unit price and distribution details can be downloaded via this [link](#).

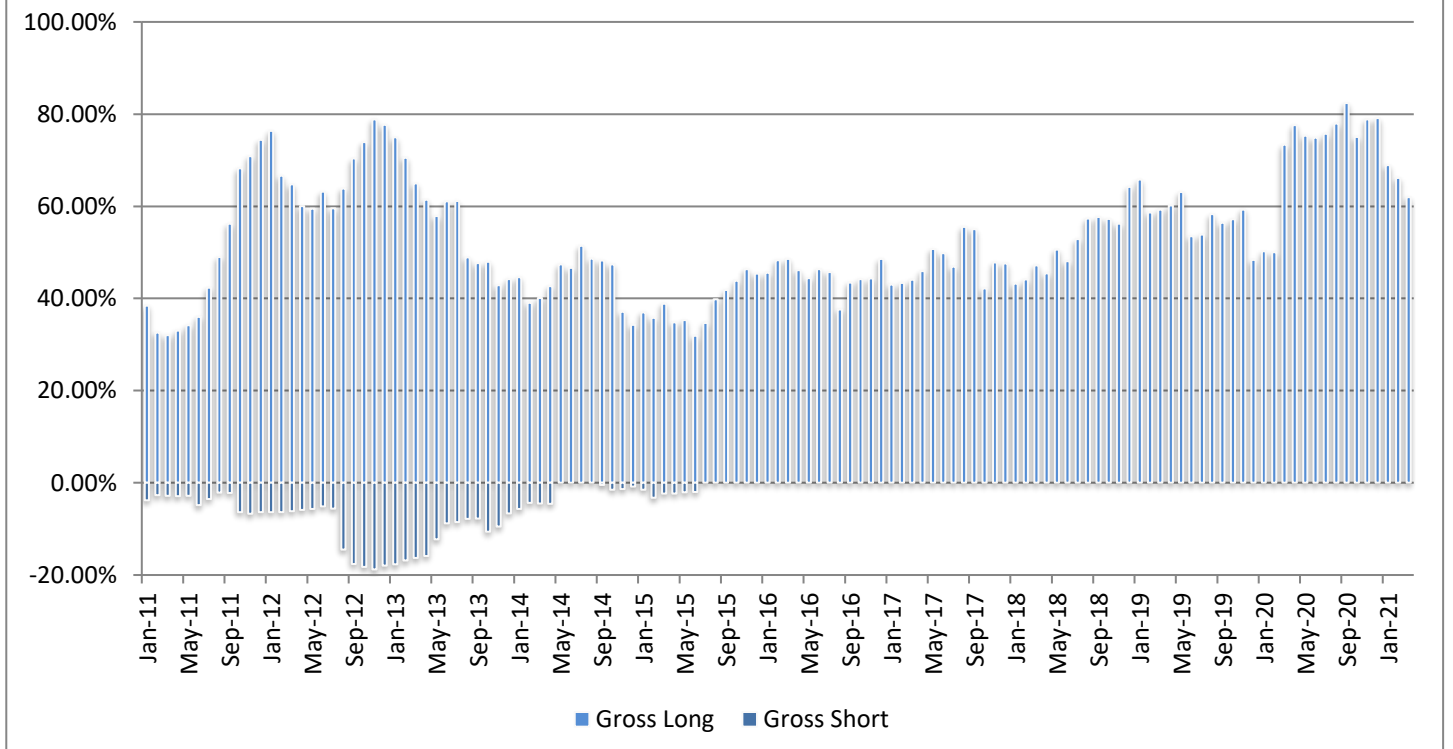
| | Long (%) | Short (%) | Currency (%) |
|---------------------------|----------|-----------|--------------|
| Australia | 4 | 0 | 42 |
| United States | 25 | 0 | 25 |
| UK/Europe | 26 | 0 | 26 |
| Japan | 3 | 0 | 3 |
| New Zealand | 5 | 0 | 5 |
| Total | 62 | 0 | 100 |
| Derivatives (annual cost) | 3 | | |

Notes: Data as at 31st March 2021.

| | Australia / NZ | | USA | | UK/Europe | | Japan | | Total | |
|--------------------------------------|----------------|------|-----|------|-----------|------|-------|------|-------|------|
| | % | no/. | % | no/. | % | no/. | % | no/. | % | no/. |
| Tenet - Parcel Infrastructure | | | 5 | 1 | | | | | 5 | 1 |
| Fedex Corp | | | 5 | 1 | | | | | | |
| Tenet - Paint / Coatings | | | | | 7 | 1 | | | 7 | 1 |
| STO SE | | | | | 7 | 1 | | | | |
| Tenet - Oil Related | | | 5 | 1 | | | | | 5 | 1 |
| Schlumberger | | | 5 | 1 | | | | | | |
| Tenet - European Container Terminals | | | | | 10 | 1 | | | 10 | 1 |
| Eurokai | | | | | 10 | 1 | | | | |
| Tenet - Electric Utilities | | | 10 | 3 | | | | | 10 | 3 |
| Kinder Morgan Inc | | | 5 | 1 | | | | | 5 | 1 |
| Qube Holdings Ltd | 4 | 1 | | | | | | | 4 | 1 |
| Asics Corp | | | | | | | 3 | 1 | 3 | 1 |
| Ponsse OYJ | | | | | 5 | 1 | | | 5 | 1 |
| Tower Limited | 5 | 1 | | | | | | | 5 | 1 |
| Topps Tiles | | | | | 4 | 1 | | | 4 | 1 |
| Gross long | 9 | 2 | 25 | 6 | 26 | 4 | 3 | 1 | 62 | 13 |
| Gross short | | | | | | | | | | |
| Gross invested position | 9 | 2 | 25 | 6 | 26 | 4 | 3 | 1 | 62 | 13 |
| Derivatives (annual cost) | | | | | | | | | 3 | 3 |

Notes: Totals may not add due to rounding. Data as at 31st March 2021

Fund Investment position 2011 - 2021



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