



HAWKSMOOR
FUND MANAGERS

**MI HAWKSMOOR
DISTRIBUTION FUND**

QUARTERLY REPORT
Q2 2024



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 +3.6%, compared to the sector return of +1.7%
- We introduced three new holdings, and exited seven positions
- Exposure to corporate bonds and real assets was increased
- Exposure to sovereign bonds, listed and private equity was reduced

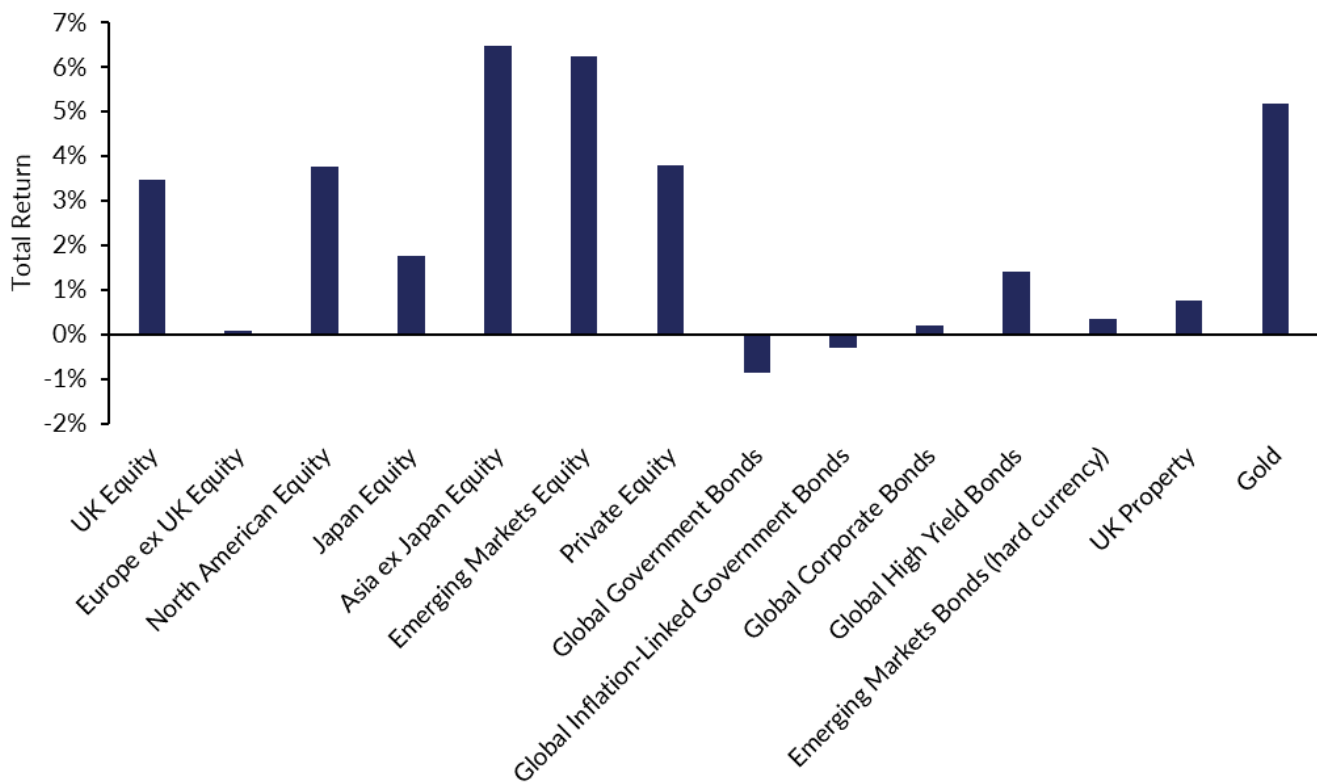
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QUARTERLY MARKET PERFORMANCE



- Equity markets continued their strong start to 2024, buoyed by positive economic data releases particularly from the US alongside ongoing excitement about the impact artificial intelligence will have on profitability. Asian and emerging market equities caught up some ground after lagging in the first quarter. Europe was weak after elections saw far right parties gain ground.
- Bond markets were mixed with 10 negative returns from government bonds as yields increased impacting capital values, but positive returns from investment grade and high yield bonds as credit spreads tightened.
- Gold reached new all-time highs in all major currencies, despite real yields (the opportunity cost of holding gold) moving higher. Other factors more than offset real yield weakness, with strong buying from central banks, and a rise in global conflicts supporting the gold price.

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, 31/03/2024 to 30/06/2024. See MSCI and ICE disclaimers on final page.

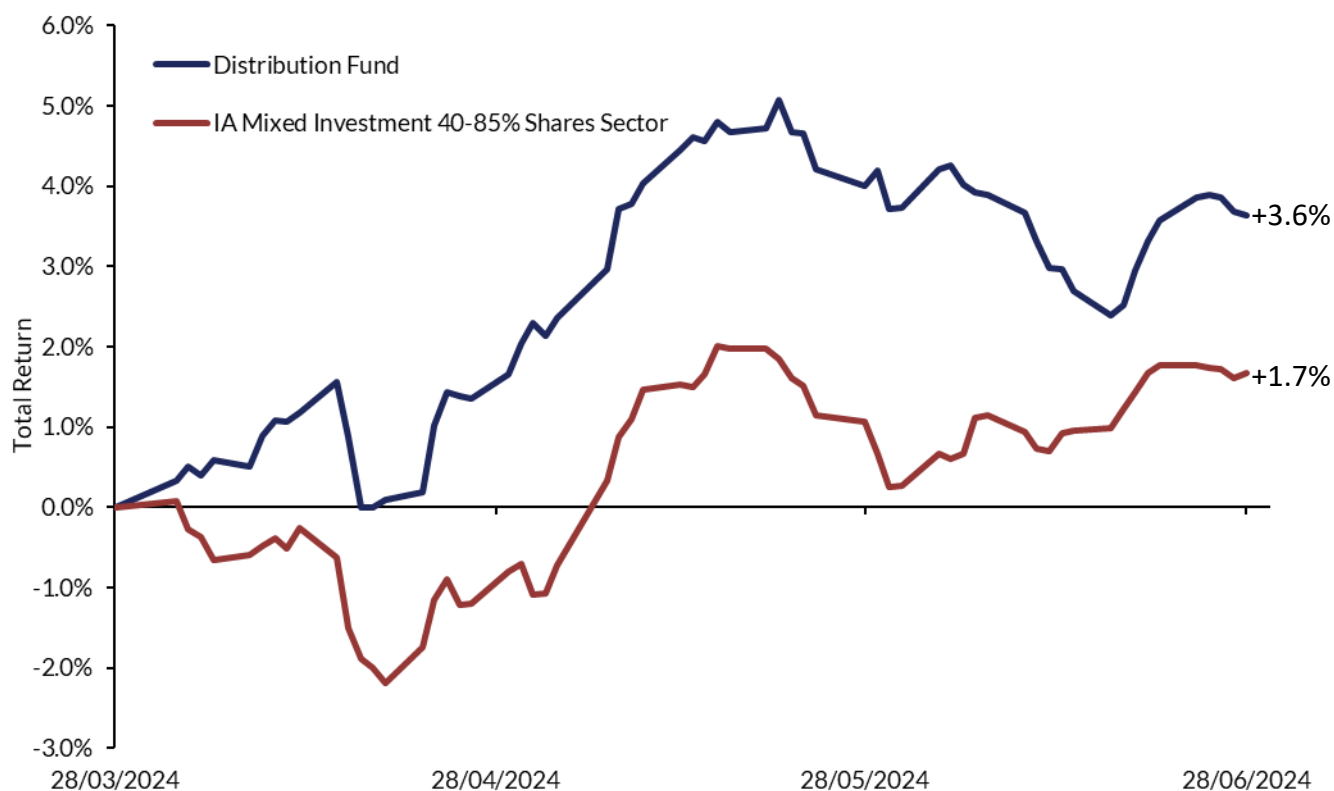
QUARTERLY FUND PERFORMANCE

Largest contributors:

- WS Gresham House UK Multi Cap Income +0.62%
- Man GLG Income +0.48%
- Cordiant Digital Infrastructure +0.39%

Largest detractors:

- Arcus Japan -0.13%
- M&G Japan Smaller Companies -0.10%
- VT De Lisle America -0.09%

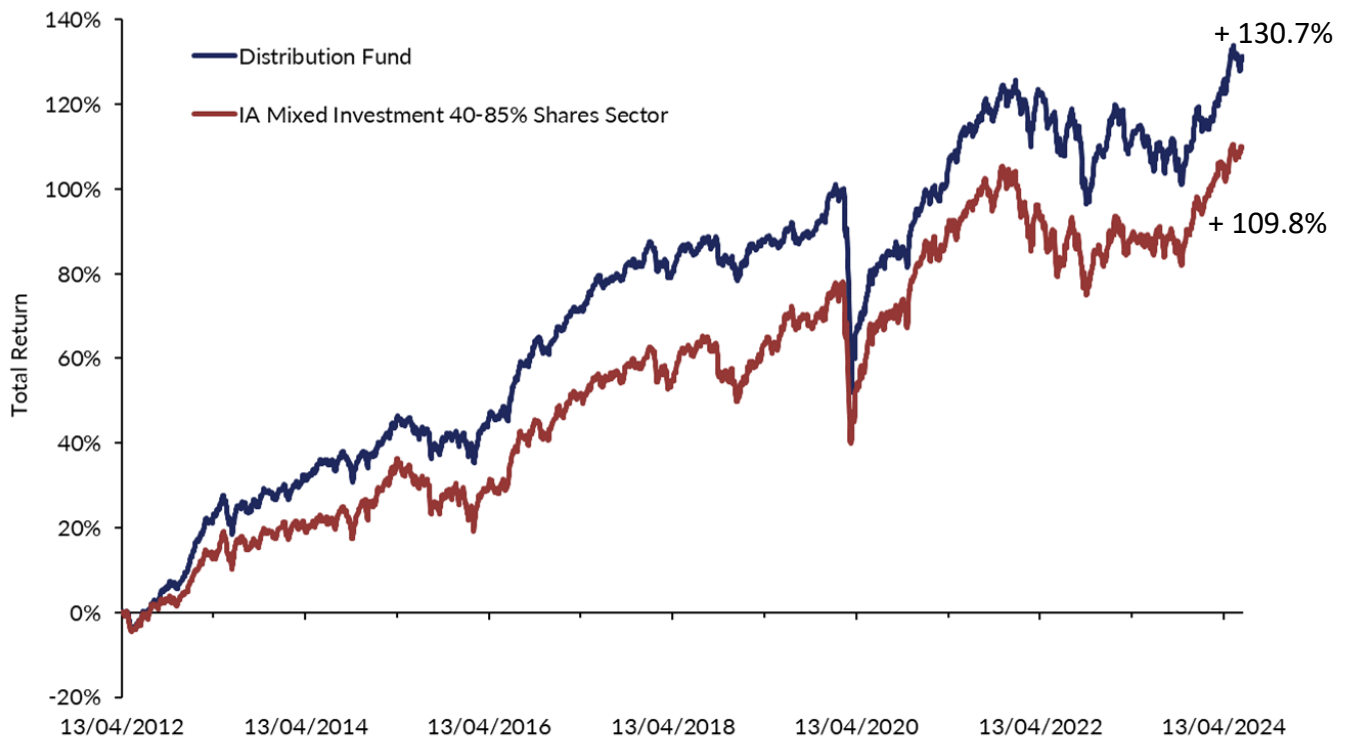


- WS Gresham House UK Multi Cap Income and Man GLG Income rallied alongside the broader UK equity market.
- Shares in Cordiant Digital Infrastructure rallied from depressed levels following the publication of the full year results which showed good performance in the underlying portfolio.
- Japanese holdings gave back some gains after a strong run over the past 18 months.
- US small cap fund VT De Lisle America was weak, as investors remained focused on large cap US growth stocks.

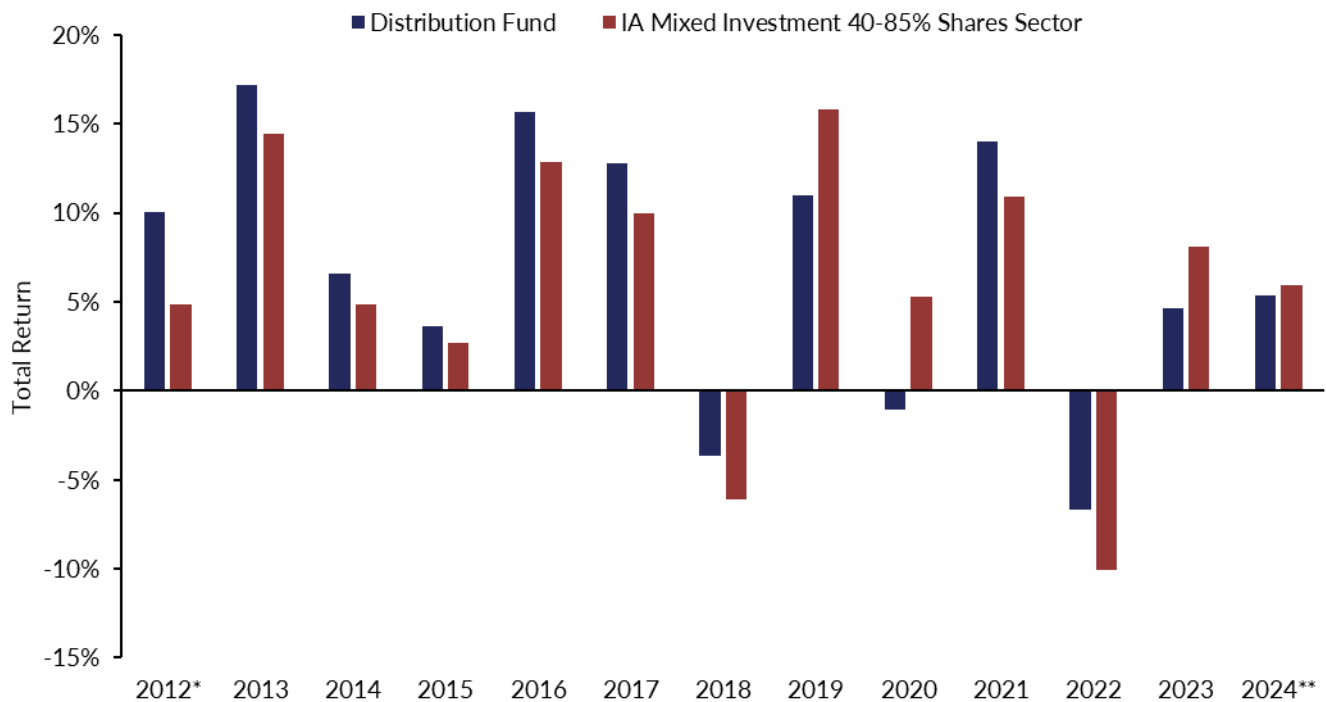
Source: FE fundinfo and internal, 31/03/2024 to 30/06/2024, must be held for entire period and uses month end weighting (text). FE fundinfo, 31/03/2024 to 30/06/2024 (chart).

SINCE LAUNCH FUND PERFORMANCE

Cumulative performance

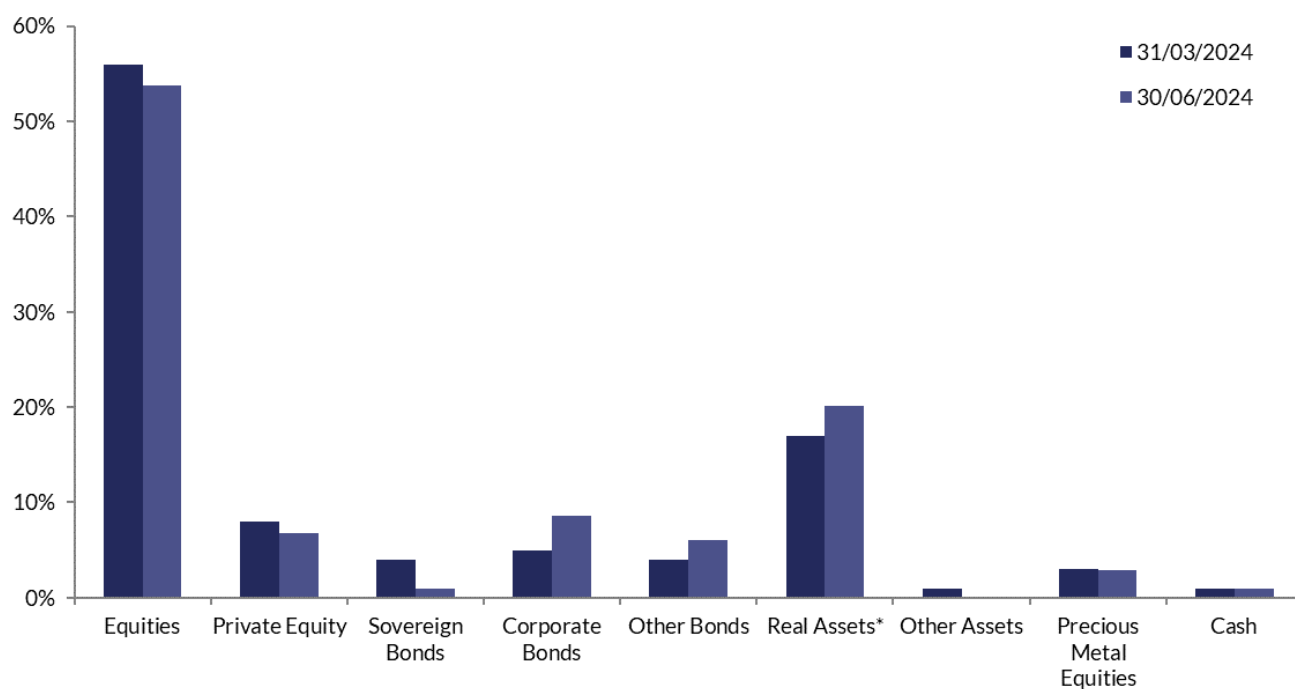


Discrete calendar year performance



Source: FE fundinfo, 13/04/2012 to 30/06/2024 (top). *From launch on 13/04/2012 and **to 30/06/2024 (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:

- GCP Infrastructure
- Partners Group Private Equity
- TwentyFour Monument Bond

Disposals:

- Allianz Index-Linked Gilt
- Digital 9 Infrastructure
- Hipgnosis Songs
- ICG Enterprise Trust
- Jupiter Japan Income
- Pantheon International
- Strategic Equity Capital

Summary:

- There were significant changes made to the Fund during the quarter, with the focus being on reducing lower yielding holdings and reinvesting proceeds into higher yielding areas but where we expect similar or greater total return prospects.
- Within private equity, ICG Enterprise and Pantheon International were exited and Partners Group Private Equity was introduced.
- Nil-yielding Digital 9 Infrastructure was sold, as was Hipgnosis Songs following a sharp share price gain on the back of a bidding war for the shares between Blackstone and Concord.
- GCP Infrastructure was introduced on a wide discount to net asset value and high starting yield, with the management team and board focused on selling assets to repay debt and initiate a share buyback programme.
- Strategic Equity Capital was sold following a period of discount narrowing, and Jupiter Japan Income after a strong run in Japanese equities.

Source: Internal, 30/06/2024, *including Precious Metal Bullion.

HOLDINGS

Equities 64%

Aberforth Split Level Income
Aberforth UK Small Companies
Arcus Japan
Artemis UK Select
BlueBox Global Technology
Chikara Indian Subcontinent
Chrysalis Investments
CIM Dividend Income
CT Private Equity Trust
M&G Japan Smaller Companies
Man GLG Income
Ninety One Global Gold
Oakley Capital Investments
Pacific North of South EM Income Opportunities
Partners Group Private Equity
Polar Capital Japan Value
Prusik Asian Equity Income
Schroder Capital Global Innovation Trust
Strategic Equity Capital
VT De Lisle America
VT Downing Small & Mid Cap Income
VT Teviot UK Smaller Companies
WS Gresham House UK Multi Cap Income
WS Lightman European

Cash 1%

Bonds 15%

BioPharma Credit
GCP Infrastructure
Man GLG High Yield Opportunities
Man GLG Sterling Corporate Bond
Morgan Stanley Emerging Markets Debt Opportunities
RM Infrastructure Income
TwentyFour Income
TwentyFour Monument Bond

Real Assets 20%

BBGI Global Infrastructure
Cordiant Digital Infrastructure
Greencoat UK Wind
HICL Infrastructure
International Public Partnerships
Life Science REIT
LondonMetric Property
Phoenix Spree Deutschland
Taylor Maritime
The Renewables Infrastructure Group
Tufton Oceanic Assets
Urban Logistics REIT

OUTLOOK

Our equities exposure is highly differentiated compared to passive index options and many other actively managed funds. We have very little exposure to large cap US equities which trade on close to all-time high valuations and therefore offer close to all-time low prospective returns over the long-term. Instead, our exposure is focused on attractively valued portfolios managed by experienced, highly active fund managers able to take advantage of huge valuation dispersion to build portfolios with attractive return prospects without having to take on significant balance sheet or cyclical risks. Areas where we identify excellent opportunities include UK equities (across the market cap spectrum), which trade at historically low valuations. Japanese equities, where corporate governance improvements are helping to unlock the significant value in the market and with the potential benefits of the yen exposure (which is historically cheap vs other currencies) in weaker market conditions. Many areas of Asian and emerging market equities are also historically cheap, offering very high starting yields (6-8%) underpinning future return prospects.

Our bond exposure is biased towards higher quality credit and government bonds as we believe credit spreads in high yield bonds are not adequately compensating investors for rising default risk in aggregate. Valuation dispersion remains high, and we are able to access actively managed funds offering significant yield pickup versus passive bond options. Within government bonds, the shift higher in real yields from the deeply negative levels that have prevailed over the last decade means it's possible to harvest a positive return on these more defensive assets for the first time in years.

Our investment trust exposure is skewed towards deeply discounted alternative assets such as infrastructure, shipping, private equity and property where engagement and corporate events are key to realising value over the coming 12-18 months.

Source: Internal, 30/06/2024. 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 30/06/2024 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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