



**HAWKSMOOR**  
FUND MANAGERS

**MI HAWKSMOOR GLOBAL  
OPPORTUNITIES FUND**

QUARTERLY REPORT  
Q3 2024



*For investors who are looking to achieve a high level of capital growth on their investments over the long term.*

## KEY POINTS THIS QUARTER

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- Global Opportunities returned +2.7%, compared to the sector return of +1.1%
- We introduced five new holdings, and exited five positions
- Exposure to property and private equity was increased
- Exposure to UK equities was reduced

## CONTENTS

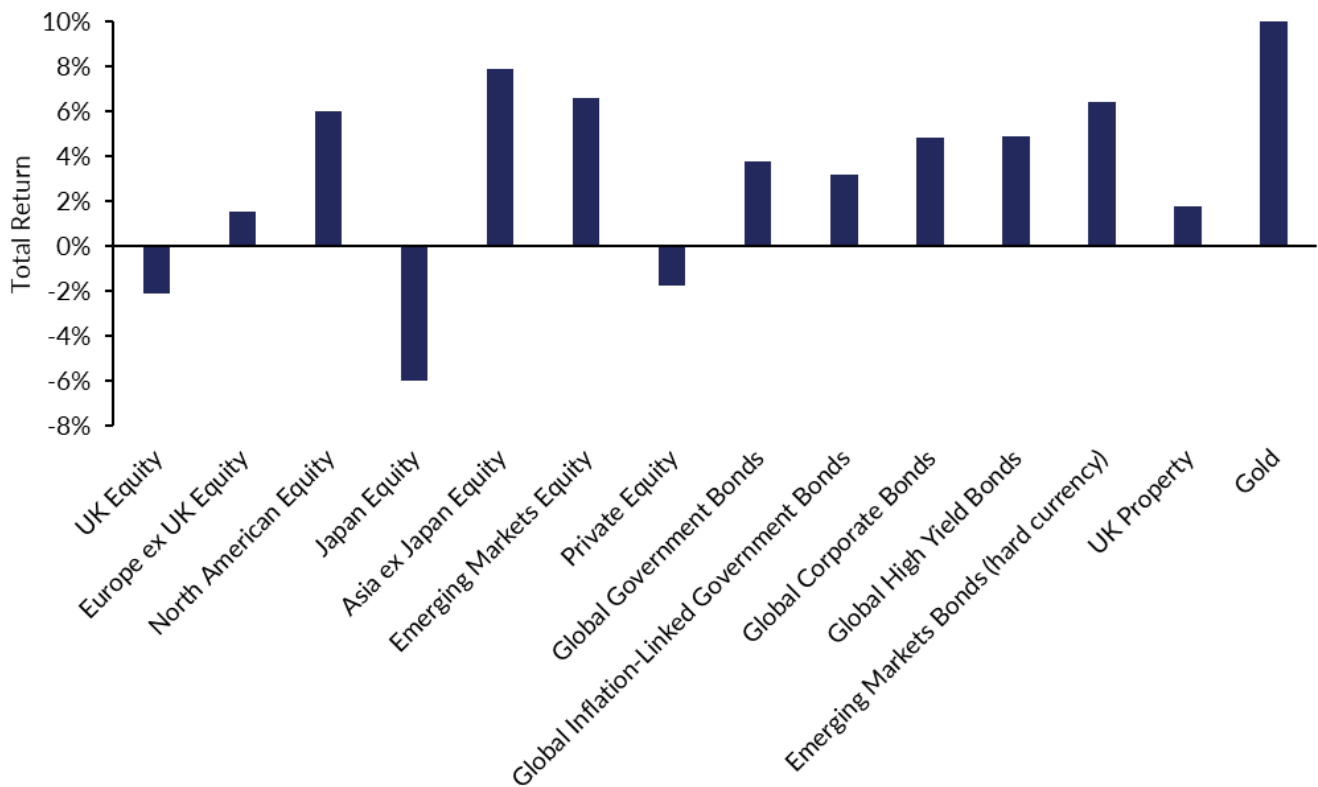
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### Page

- 3: Quarterly Market Performance
- 4: Quarterly Fund Performance
- 5: Since Launch Fund Performance
- 6: Activity
- 7: Holdings and Outlook
- 8: Important Information



# QUARTERLY MARKET PERFORMANCE



- The beginning of August saw extreme equity market volatility with Japan bearing the brunt, down a remarkable 21% in just 3 trading sessions. Yen strength and an unwinding of carry trades were cited as some of the reasons for the sell-off, although these were soon forgotten as markets quickly rebounded. A 0.50% cut to US interest rates provided further impetus to the US equity rally. The period ended with more extraordinary market action with Chinese and Hong Kong Markets rallying off the back of government stimulus.
- Sovereign bond yields fell sharply in the US as the market moved to price in a more aggressive path of interest rate cuts which seems somewhat at odds with the 'soft landing' scenario baked onto US equity valuations. Investment grade credit spreads were stable over the period but high yield continued to tighten to trade well inside long term averages. UK interest rates were cut by 0.25% in August but expectations of further cuts were pared back as inflation remains elevated.
- Gold bullion was up strongly against a backdrop of lower real yields and an escalation of the situation in the Middle East.

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, 30/06/2024 to 30/09/2024. See MSCI and ICE disclaimers on final page.

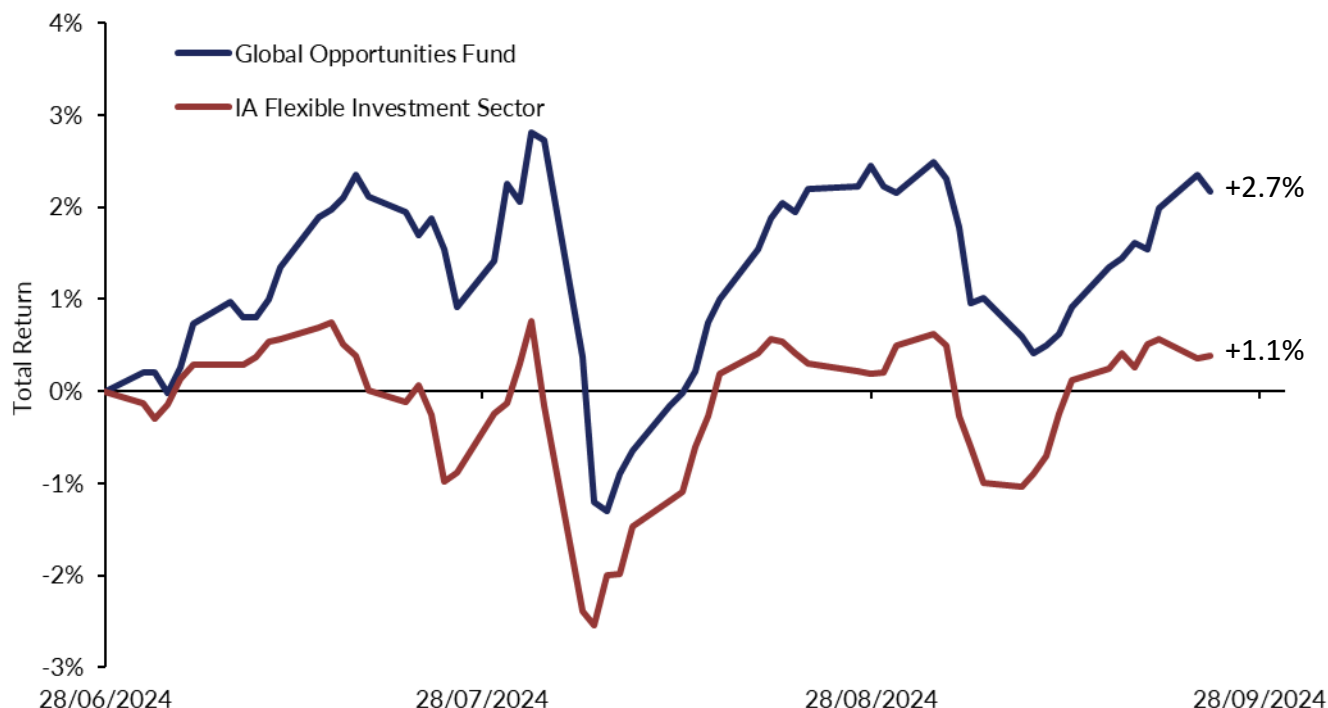
# QUARTERLY FUND PERFORMANCE

## Largest contributors:

- Ninety One Global Gold +0.70%
- Artemis UK Select +0.40%
- Chrysalis Investments +0.38%

## Largest detractors:

- Augmentum Fintech -0.31%
- Bluebox Technology -0.16%
- Strategic Equity Capital -0.11%

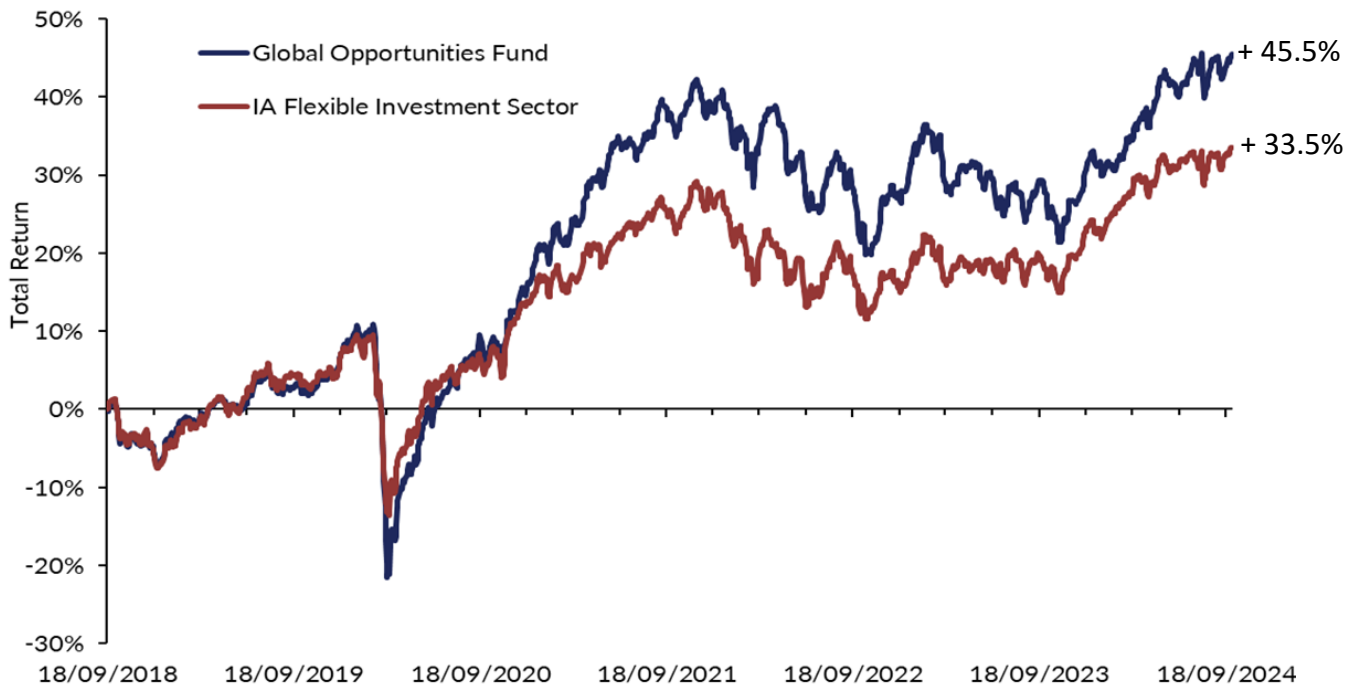


- The vast majority of positions generated positive returns over the quarter. Gold miners were the best contributors as lower real rates and escalation of the Middle East conflict provided support for the gold price. Gold mining companies typically act as a geared play on the gold price and were boosted by good earnings reports from the majors.
- Artemis UK Select performed well during the period as large cap UK equities outperformed smaller companies which struggled on fears that Labour's upcoming budget may remove some tax advantages for AIM-listed companies.
- Chrysalis gained on news that one of its private holdings, Featurespace, is to be acquired by Visa, allowing the much awaited buyback programme to commence using some of the sales proceeds.
- BlueBox Global Technology was weak as the US technology sector paused for breath after a very strong run year to date and Augmentum Fintech encountered some profit taking having been a good performer the previous quarter. Strategic Equity Capital was lower as UK small caps weakened.

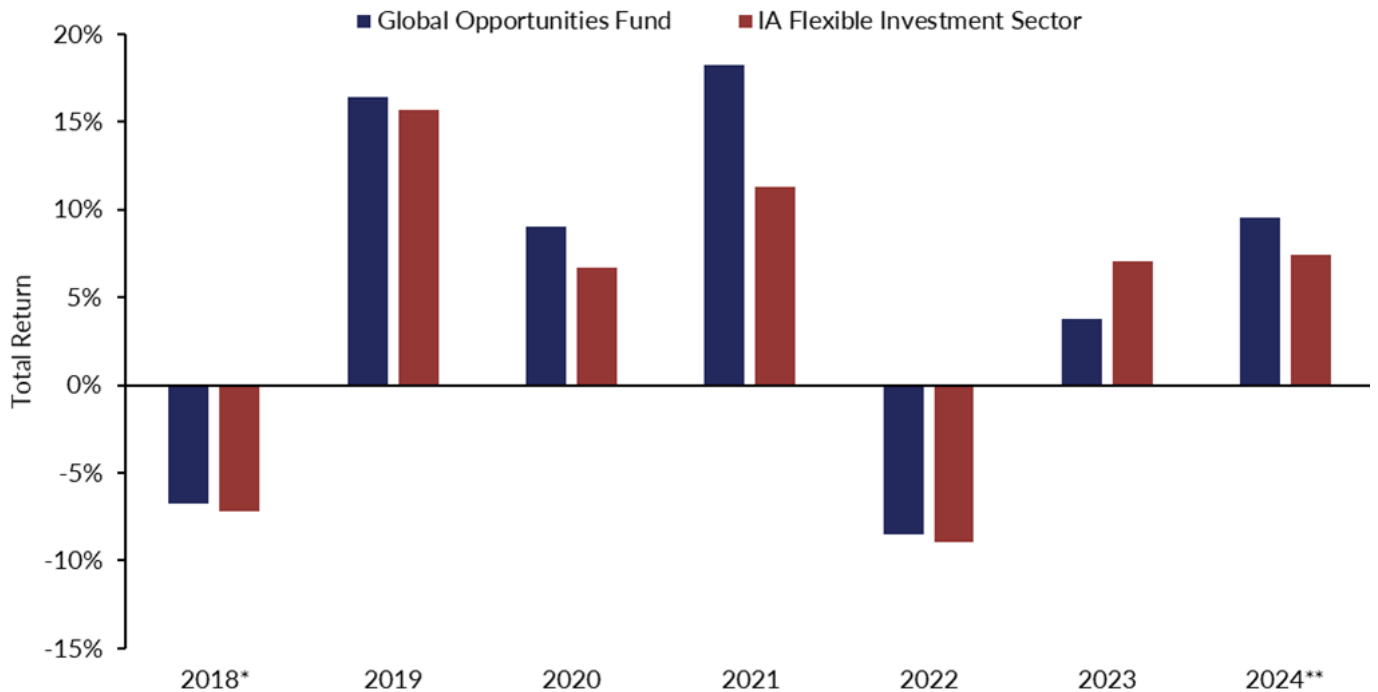
Source: FE fundinfo and internal 30/06/2024 to 30/09/2024, must be held for entire period and uses month end weighting (text). FE fundinfo, 30/06/2024 to 30/09/2024 (chart).

# SINCE LAUNCH FUND PERFORMANCE

## Cumulative performance

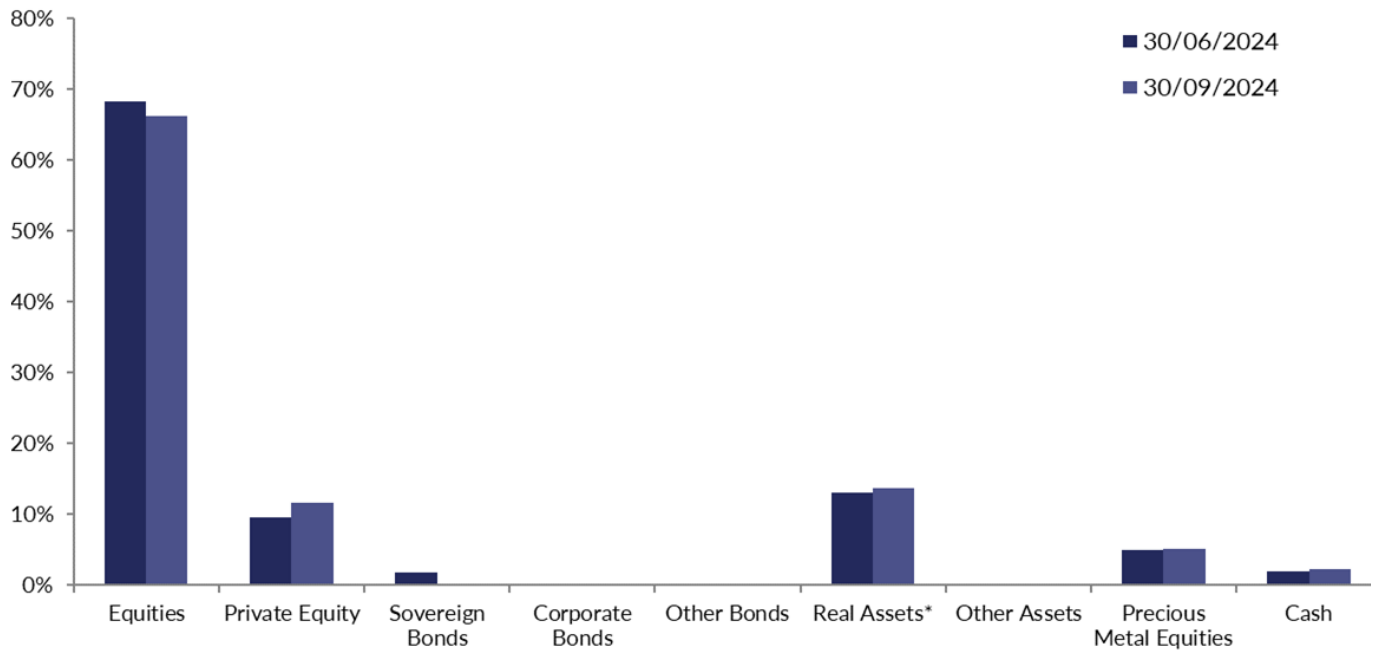


## Discrete calendar year performance



Source: FE fundinfo, 18/09/2018 to 30/09/2024 (top). \*From launch on 18/09/2018, \*\*to 30/09/2024 (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:

- Harbourvest Global Private Equity
- Literacy Capital Plc
- PRS REIT
- Rockwood Strategic PLC
- The Mercantile Investment Trust

## Disposals:

- Aberforth Split Level Income Trust
- Allianz Index-Linked Gilt
- ICG Enterprise Trust
- Polar Capital UK Value Opportunities
- WS Gresham House UK Multi Cap Income

## Summary:

- The general theme of the quarter's dealing activity was to gently increase exposure to investment trusts while their discounts remain wider than their historic average. Exposure to investment trusts at the end of the quarter had risen to 41.0% compared to 35.6% at the start.
- Examples included a switch out of Polar Capital UK Value Opportunities and Gresham House UK Multi Cap Income open-ended funds, into the similarly exposed Mercantile Investment Trust and Rockwood Strategic, and switching out of ICG Enterprise into other private equity trusts, Harbourvest and Literacy Capital, where the conviction on a narrowing discount and/or NAV growth is higher. Neither switch resulted in a noticeable change in asset allocation.
- Elsewhere there were intentional shifts in asset allocation, moving out of Allianz Index-Linked Gilt fund into listed infrastructure and property trusts, such as PRS REIT, where we feel improved shareholder returns will be enhanced by recent changes in the board room.
- After a strong run in performance since November 2023, we took profits across a number of UK equity funds and added to the real assets exposure.

Source: Internal, 30/09/2024, \*including Precious Metal Bullion.

# HOLDINGS

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## Equities 84%

Aberforth UK Small Companies  
Arcus Japan  
Artemis UK Select  
Augmentum Fintech  
BlueBox Global Technology  
Chikara Indian Subcontinent  
Chrysalis Investments  
CIM Dividend Income  
Fiera Atlas Global Companies  
Geiger Counter  
Golden Prospect  
Harbourvest Global Private Equity  
Literacy Capital Plc  
M&G Japan Smaller Companies  
Ninety One Global Gold  
Nippon Active Value  
Oakley Capital Investments  
Odyssean Investment Trust  
Pacific North of South EM Income Opportunities  
Pantheon International  
Polar Capital Biotechnology  
Polar Capital Global Financial  
Polar Capital Japan Value  
Prusik Asian Equity Income  
River & Mercantile UK Micro Cap  
Rockwood Strategic Plc

Schroder Capital Global Innovation Trust  
Slater Growth  
Strategic Equity Capital  
The Mercantile Investment Trust  
VT De Lisle America  
VT Teviot UK Smaller Companies  
WS Lightman European

## Cash 2%

## Real Assets 14%

Atrato Onsite Energy  
Cordiant Digital Infrastructure  
Digital 9 Infrastructure  
Downing Renewables & Infrastructure Trust  
Life Science REIT  
Phoenix Spree Deutschland  
PRS REIT  
Taylor Maritime  
TR Property Investment Trust  
Tufton Oceanic Assets

# OUTLOOK

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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.

Global Opportunities has zero exposure to bonds for the first time as we recognise better total return prospects across the equity and real assets positions, the latter benefitting from being held within the investment trust structure where improved corporate governance, narrowing discounts and M&A activity add to the attraction.

Our investment trust exposure is spread across deeply discounted alternative assets such as infrastructure, shipping, private equity and property but has recently expanded to include conventional equity trusts on wider than average discounts. Investment trust exposure is likely to increase as the cost disclosure reforms become a tailwind given trusts will no longer be aggregated in portfolio Ongoing Charge Figures, thus attracting buyers that have fled or shunned the sector over recent years.

Source: Internal, 30/09/2024. 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

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## IMPORTANT INFORMATION

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