



**HAWKSMOOR**  
FUND MANAGERS

**MI HAWKSMOOR GLOBAL  
OPPORTUNITIES FUND**

QUARTERLY REPORT  
Q4 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 +0.2%, compared to the sector return of +1.9%
- We introduced five new holdings, and exited seven positions
- Asset allocation was broadly unchanged over the period

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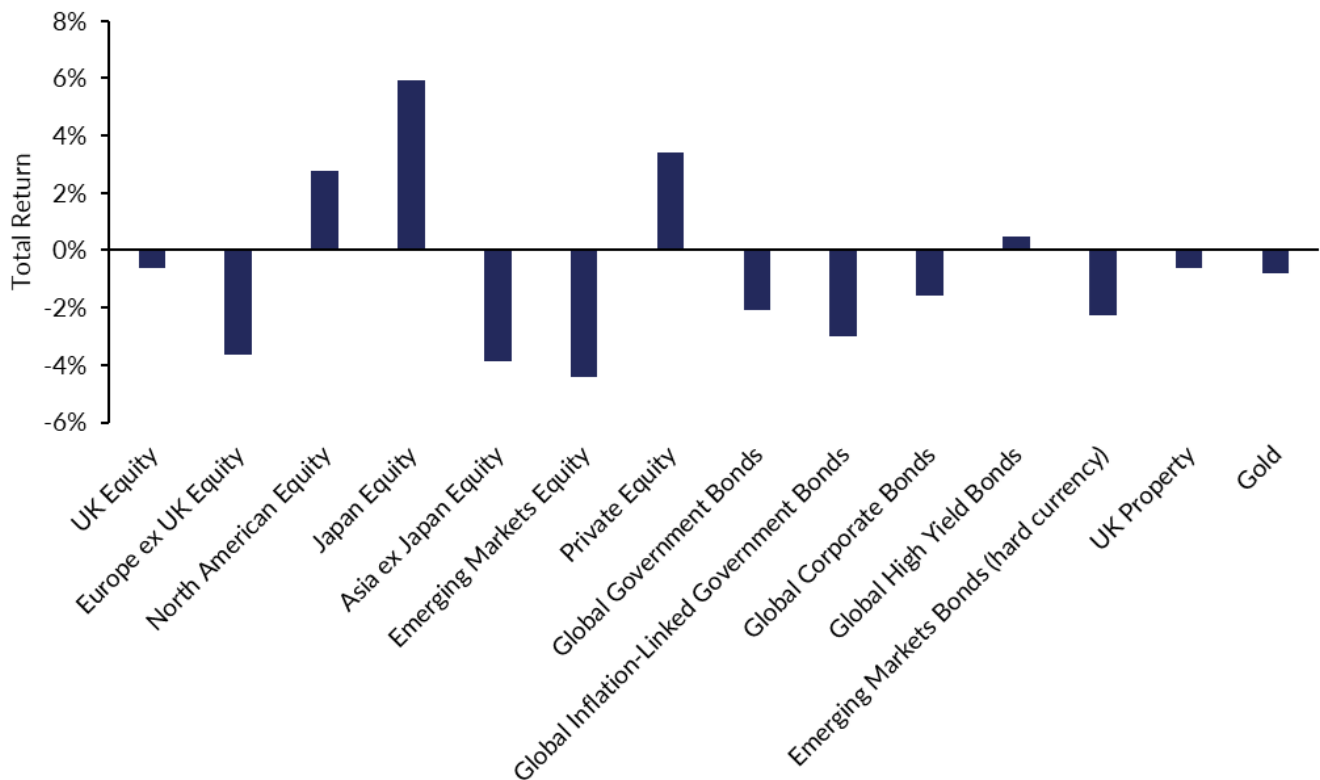
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# QUARTERLY MARKET PERFORMANCE



- Politics was an important driver of financial markets in the fourth quarter with the election of Donald Trump, the aftermath of the new Labour government's inaugural Budget and ongoing instability in France and Germany. US equity markets responded well to Trump's pro-growth agenda of tax cuts and deregulation but chose to ignore the fiscal largesse and inflationary impact for now. A stronger dollar and trade concerns weighed on emerging markets and Europe alike, whilst UK equities were weak on fears that the increased taxed on the private sector will negatively impact corporate earnings. Japan was the standout performer, bouncing back from a tough 3rd quarter.
- The major developed market central banks all cut interest rates in the period but sovereign bond yields were up across the board, as investors pared back expectations for future cuts in the face of stubborn inflation and on concerns about levels of future government borrowing. Credit spreads continued to compress from already tight levels and now trade well below long term averages.
- Gold bullion had a weak quarter as investors seemed less concerned about geopolitical risks, although it was positive in sterling terms. Over the full year however, gold is one of only a few assets to have kept pace with US equities.

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, 30/09/2024 to 31/12/2024. See MSCI and ICE disclaimers on final page.

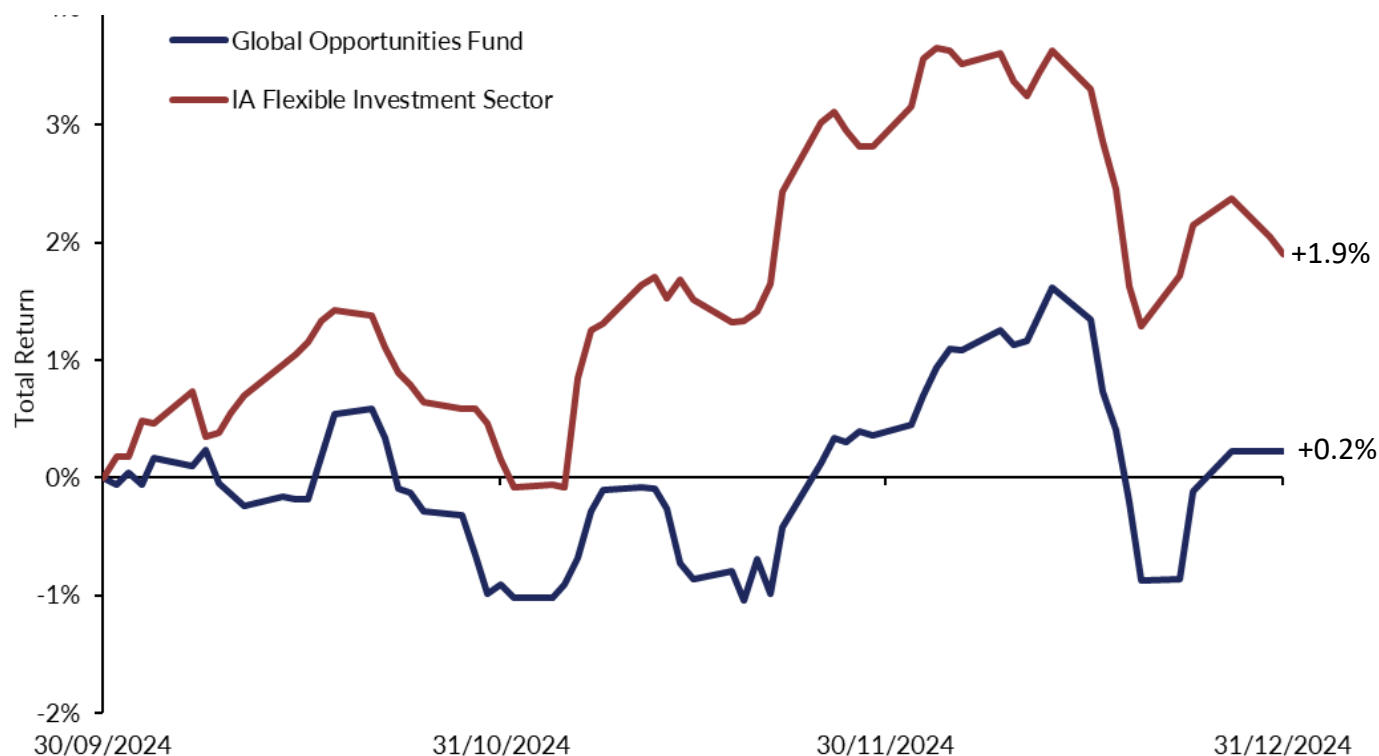
# QUARTERLY FUND PERFORMANCE

## Largest contributors:

- Chrysalis Investments +3.55%
- Artemis UK Select +2.80%
- VT De Lisle America +2.45%

## Largest detractors:

- TR Property Investment Trust -2.38%
- Odyssean Investment Trust -2.11%
- Tufton Assets Ltd -1.61%

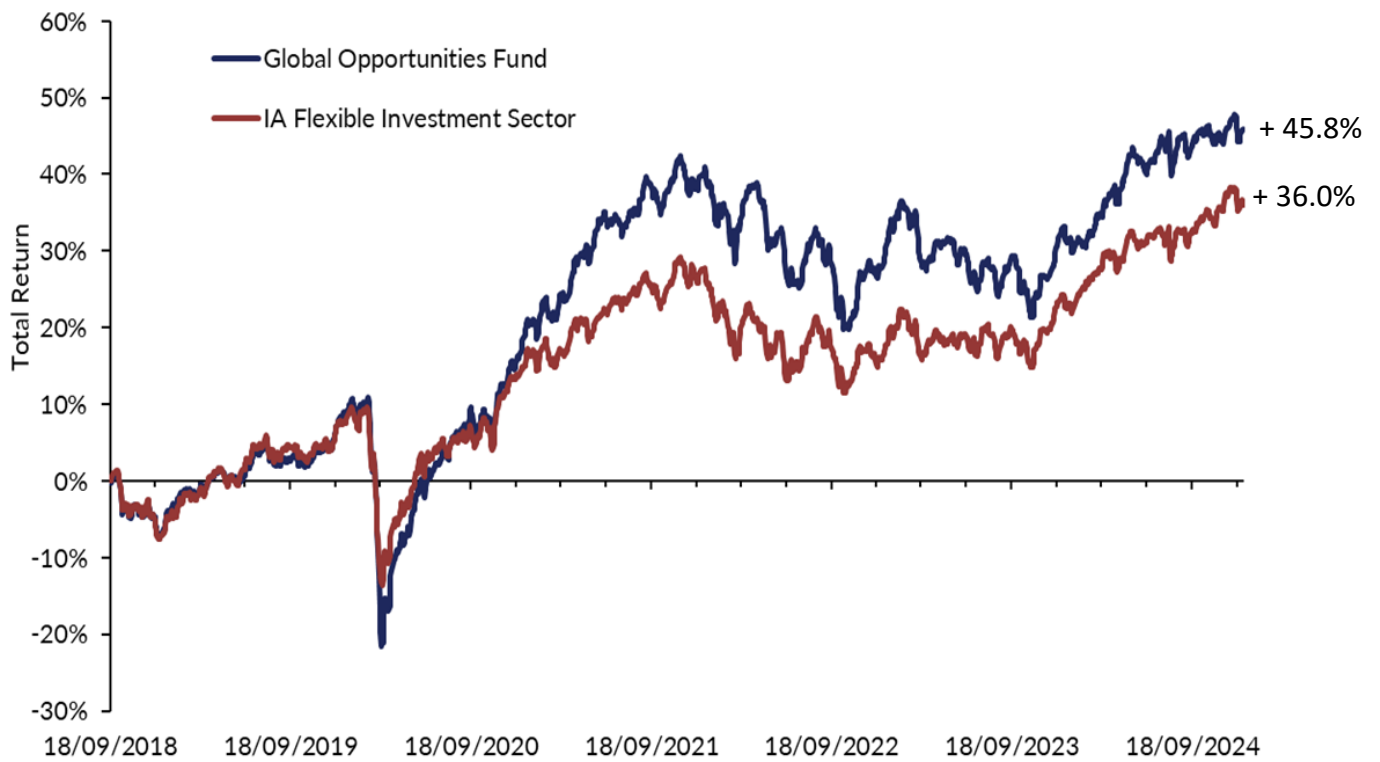


- Chrysalis performed well on the back of good news from its underlying portfolio of private companies and a well-received capital allocation policy which combined to see the discount narrow from 35% to 25%. De Lisle America performed well on expectations of strong economic growth under the Trump presidency.
- Unhedged overseas assets were positive contributors in part due to sterling weakness, as was private equity where discounts narrowed over the period.
- Artemis UK Select had a strong quarter as UK large cap companies benefitted from sterling weakness given the majority of their earnings are derived abroad.
- The main detractors were positions that exhibit the most interest rate sensitivity such as those invested in property and infrastructure, as UK bond yields rose over the quarter.
- Gold miners had a difficult quarter although the sector remains in positive territory for the year.
- UK smaller companies were also weak due to the lower earnings expectations and weaker economic outlook following the Budget.

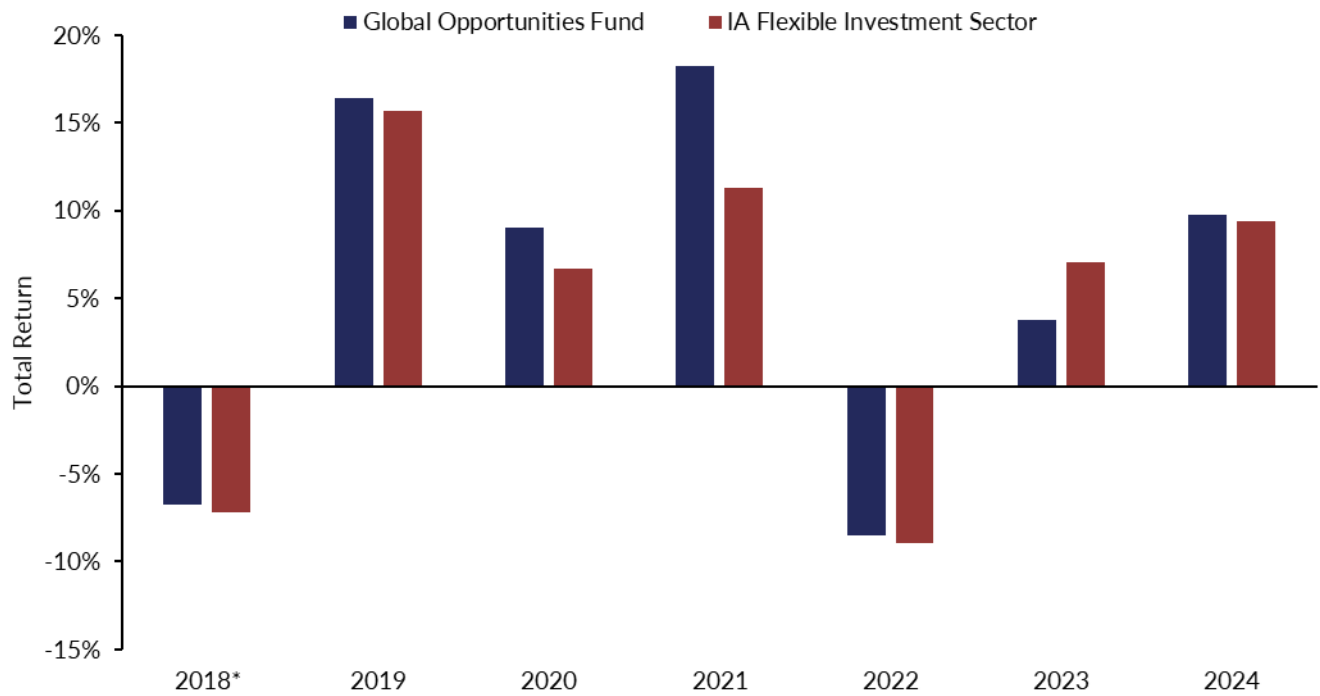
Source: FE fundinfo and internal 30/09/2024 to 31/12/2024, must be held for entire period and uses month end weighting (text). FE fundinfo, 30/09/2024 to 31/12/2024 (chart).

# SINCE LAUNCH FUND PERFORMANCE

## Cumulative performance

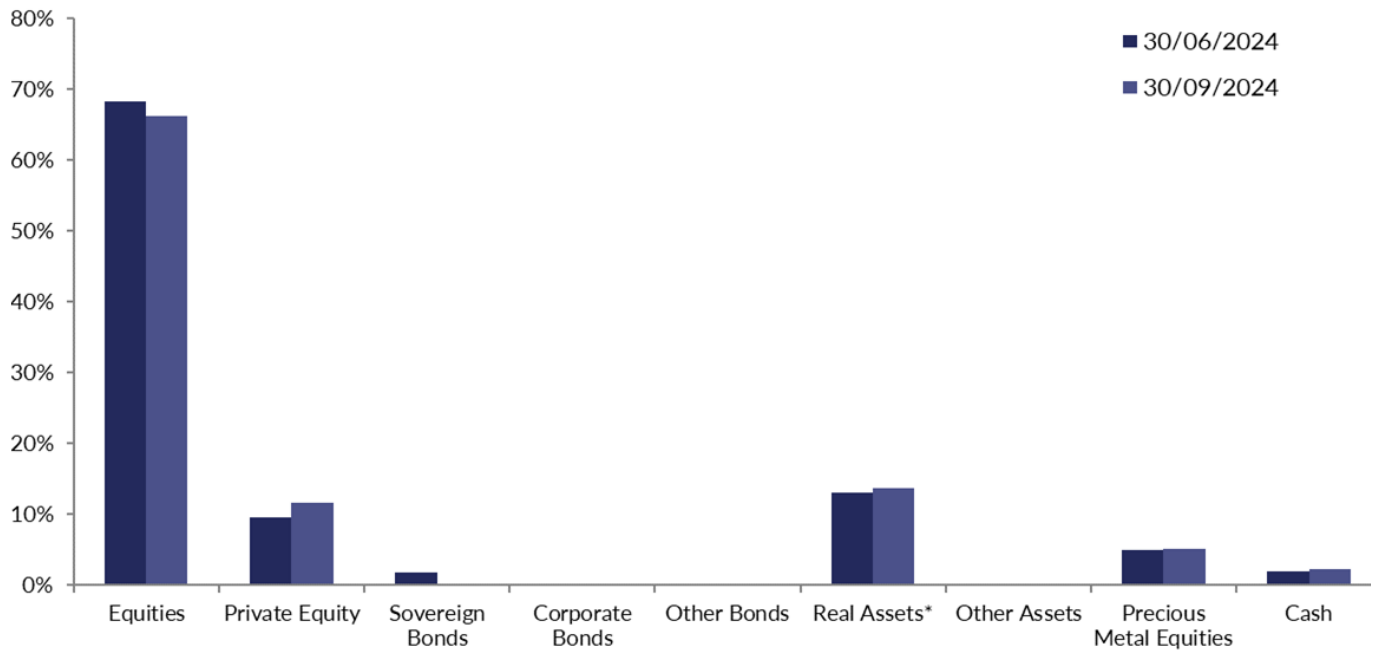


## Discrete calendar year performance



Source: FE fundinfo, 18/09/2018 to 31/12/2024 (top). \*From launch on 18/09/2018 (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:

- Aberforth Smaller Companies Trust
- Fidelity Asian Values PLC
- International Biotechnology Trust
- Konwave Gold Equity
- Onward Opportunities

## Disposals:

- Aberforth UK small Companies
- Atrato Onsite Energy
- Ninety One Global Gold
- Polar Capital Global Financials Ords
- Polar Capital Japan Value
- Prusik Asian Equity Income
- Slater Growth

## Summary:

- The recent trend of increasing exposure to investment trusts continued into the fourth quarter. Discounts across the investment trust sector remain wider than their historic average. While we acknowledge there are valid reasons for this such as conventional assets offering competitive yields and general aversion to the sector, we expect value to be realised through a combination of self-help measures and external corporate action.
- Switching out of equity focussed open-ended funds into equivalent or similar investment trusts was the main route to this increased exposure with the sale of Aberforth’s open-ended UK Small Companies fund reinvested into its sibling Aberforth Smaller Companies Trust a good example. In Asia, we bought Fidelity Asian Values on an anomalous 12% discount, while we also introduced International Biotechnology Trust to increase exposure to the biotech sector on a wider than usual discount.
- The allocation to gold mining was switched from Ninety One Global Gold into the more actively managed, less benchmark constrained Konwave Gold Equity fund.

Source: Internal, 31/12/2024, \*including Precious Metal Bullion.

# HOLDINGS

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## Equities 85%

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

Strategic Equity Capital  
The Mercantile Investment Trust  
VT De Lisle America  
VT Teviot UK Smaller Companies  
WS Lightman European

## Cash 1%

## Real Assets 14%

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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The dominant performance of index heavy, expensive US mega-cap growth stocks were a headwind to relative returns for Global Opportunities in 2024. We remain on the sidelines in this part of the market given our valuation informed investment process prohibits our ownership at these current valuations. Weakness in segments of the alternative investment trust sector also weighed, as did the allocation to UK equities during the fourth quarter. That Global Opportunities delivered sector beating returns over the course of the year in this environment is testament to the benchmark agnostic asset allocation, active fund selection and the ability to identify interesting opportunities in more niche areas.

Looking ahead, starting valuations of global equities in aggregate are elevated relative to history and imply lower returns from here. Similarly in fixed income, investment grade credit and high yield bonds are trading at historically tight spreads that leave little margin for safety if the economic outlook is less benign than is currently expected. However, despite those concerns, we are enthused by the abundant opportunities across most equity markets beyond the US which are able to access given our unconstrained and valuation-led investment process. Pockets of extreme value reside within UK, Japanese and Asian equities, whilst the opportunity in parts of the investment trust sector looks generational in nature. We are confident that 2025 looks set for another year of healthy positive returns.

## CONTACT US

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## IMPORTANT INFORMATION

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