



HAWKSMOOR
FUND MANAGERS

**MI HAWKSMOOR
DISTRIBUTION FUND**

QUARTERLY REPORT
Q1 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 +1.7%, compared to the sector return of +4.2%
- We introduced six new holdings, and exited five positions
- Exposure to listed equity and real assets was increased
- Exposure to bonds was reduced

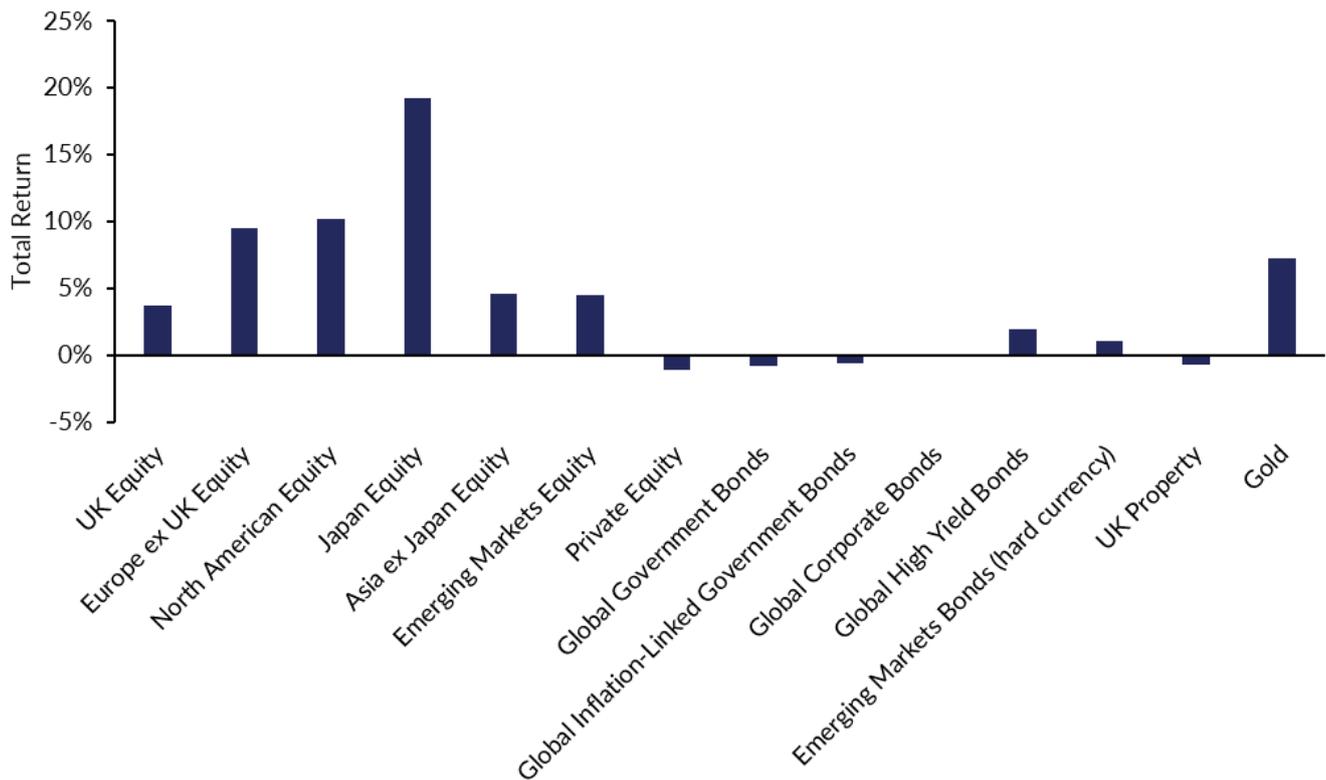
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QUARTERLY MARKET PERFORMANCE



Equity markets enjoyed a strong start to 2024, buoyed by positive economic data releases particularly from the US. Japanese equities continued to lead, although the Japanese yen remains weak as the Bank of Japan maintained its very loose monetary policy compared with other large central banks.

Bond markets were mixed in Q1, with 10 year government bond yields in the US and UK both rising by c.40bps, negatively impacting capital values, while credit spreads tightened, especially for high yield bonds, resulting in minor positive returns.

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, elevated jewellery demand around Chinese New Year and Indian wedding season, 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, 31/12/2023 to 31/03/2024. See MSCI and ICE disclaimers on final page.

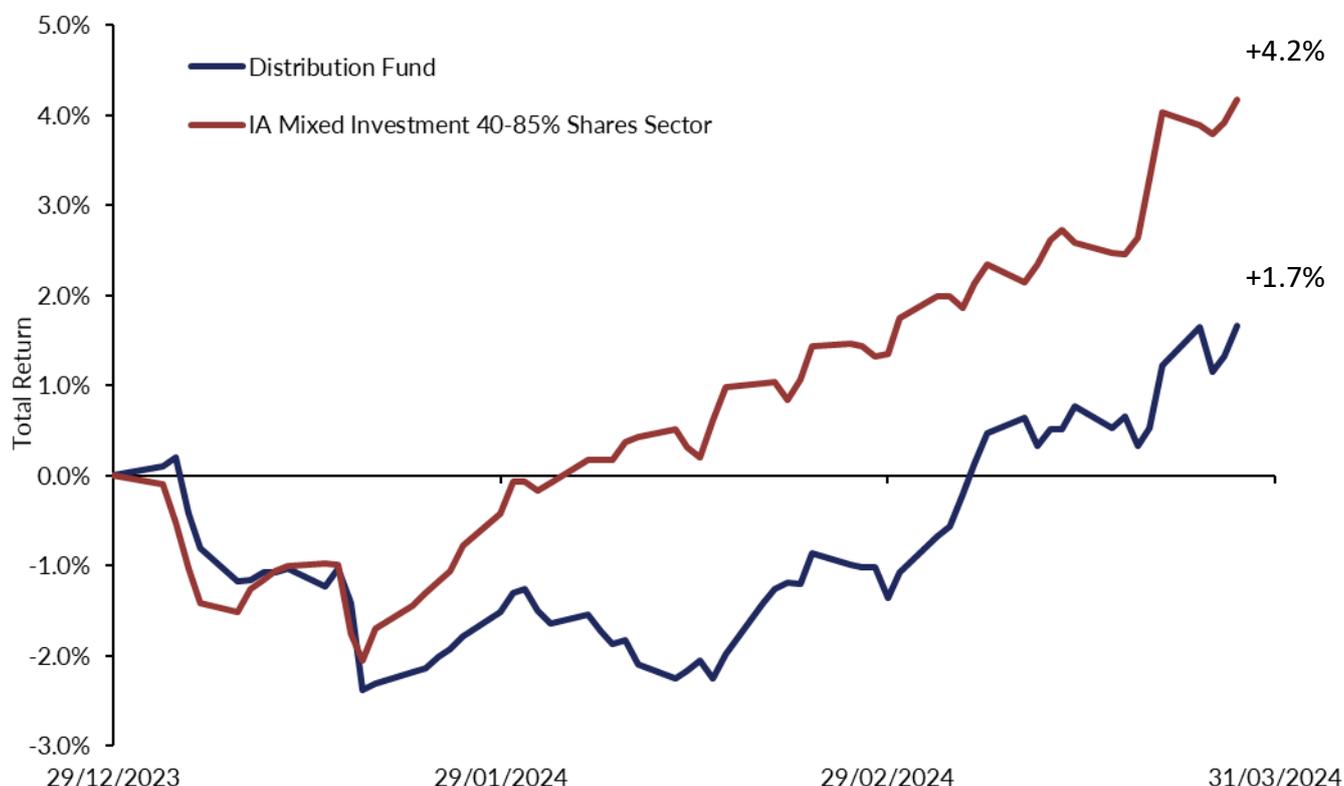
QUARTERLY FUND PERFORMANCE

Largest contributors:

- Taylor Maritime +0.39%
- Man GLG Income +0.36%
- Tufton Oceanic +0.31%

Largest detractors:

- Cordiant Digital Infrastructure -0.24%
- Phoenix Spree Deutschland -0.17%
- Digital 9 Infrastructure -0.16%

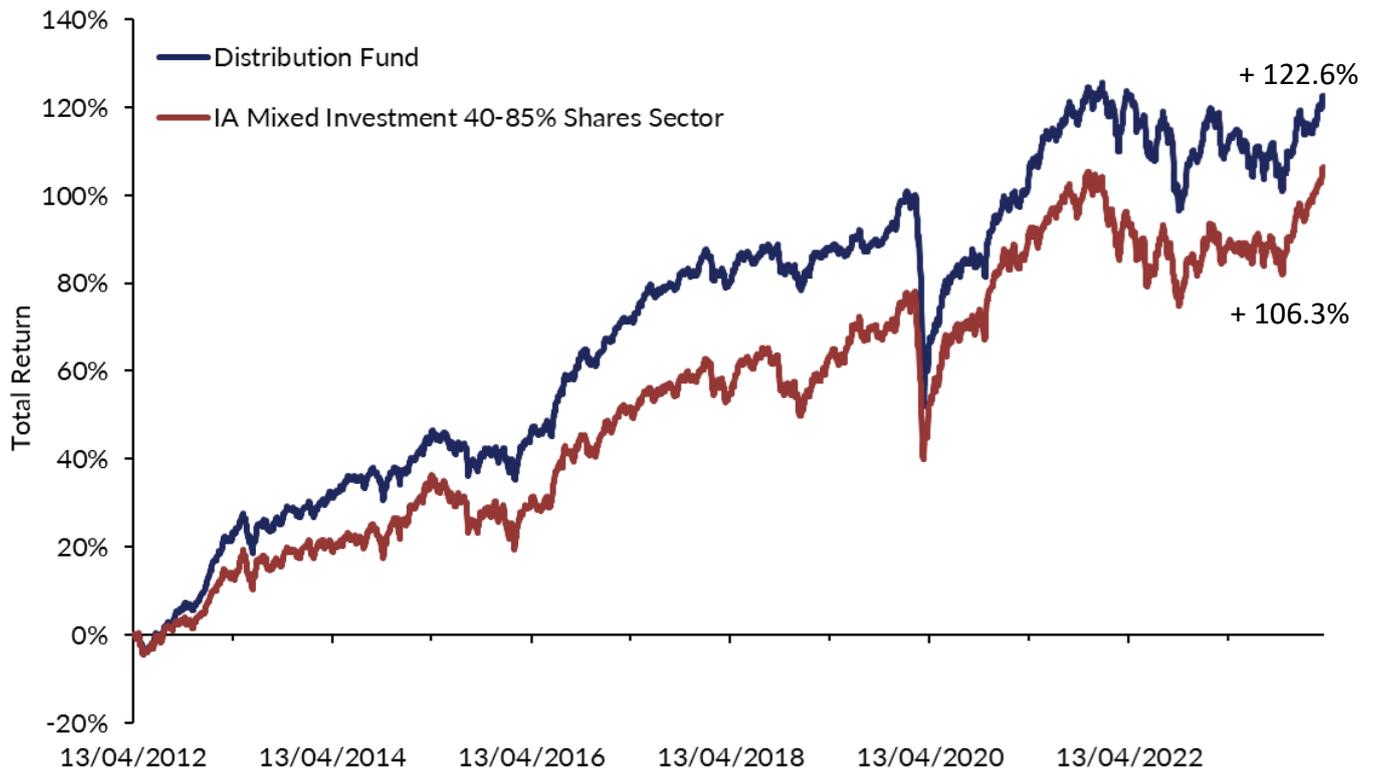


- Man GLG Income outperformed a rising UK stock market thanks to strong stock selection.
- Taylor Maritime and Tufton Oceanic (both shipping) benefitted from discount narrowing following positive trading updates and regular buying from directors of the trusts.
- Despite a positive trading update during the quarter, Cordiant Digital Infrastructure's share price drifted lower and the discount widened.
- Phoenix Spree Deutschland fell during the quarter despite progressing with asset sales at valuations materially above the share price implied valuation.
- Digital 9 Infrastructure drifted lower despite completion of the sale of one of its largest assets, allowing a material improvement in the balance sheet position through repayment of debt.

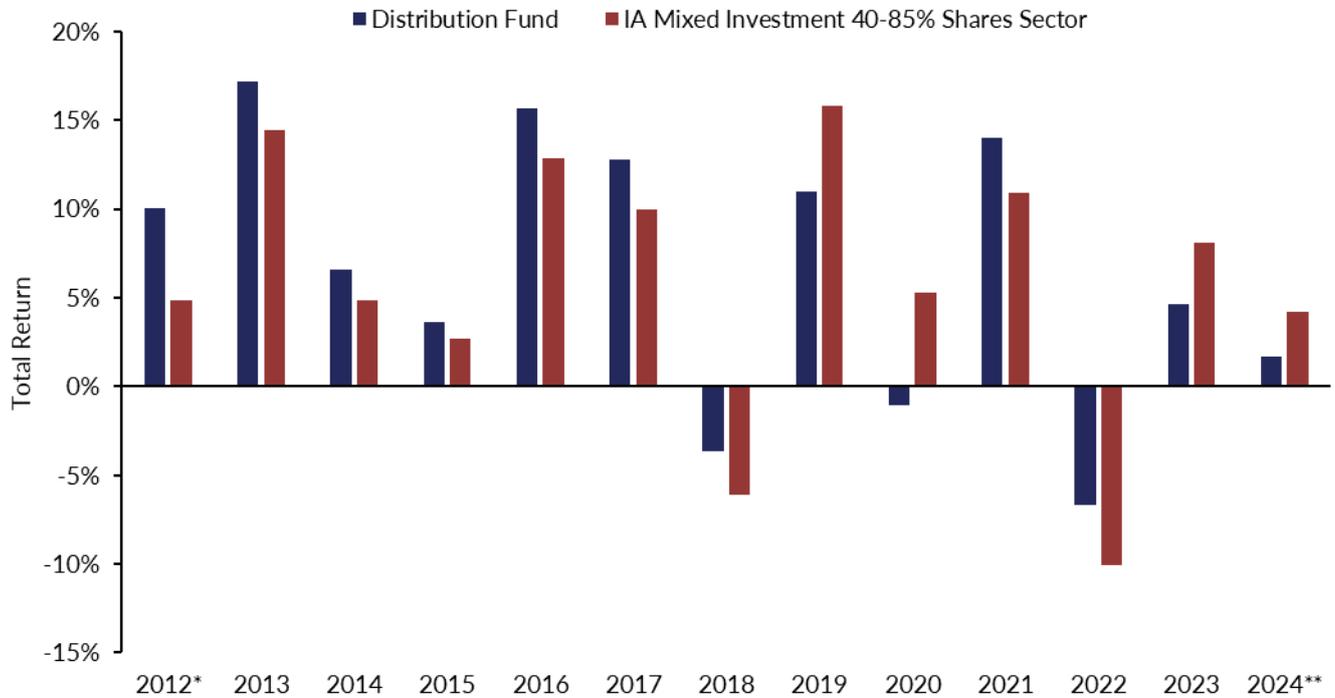
Source: FE fundinfo and internal, 31/12/2023 to 31/03/2024, must be held for entire period and uses month end weighting (text). FE fundinfo, 31/12/2023 to 31/03/2024 (chart).

SINCE LAUNCH FUND PERFORMANCE

Cumulative performance

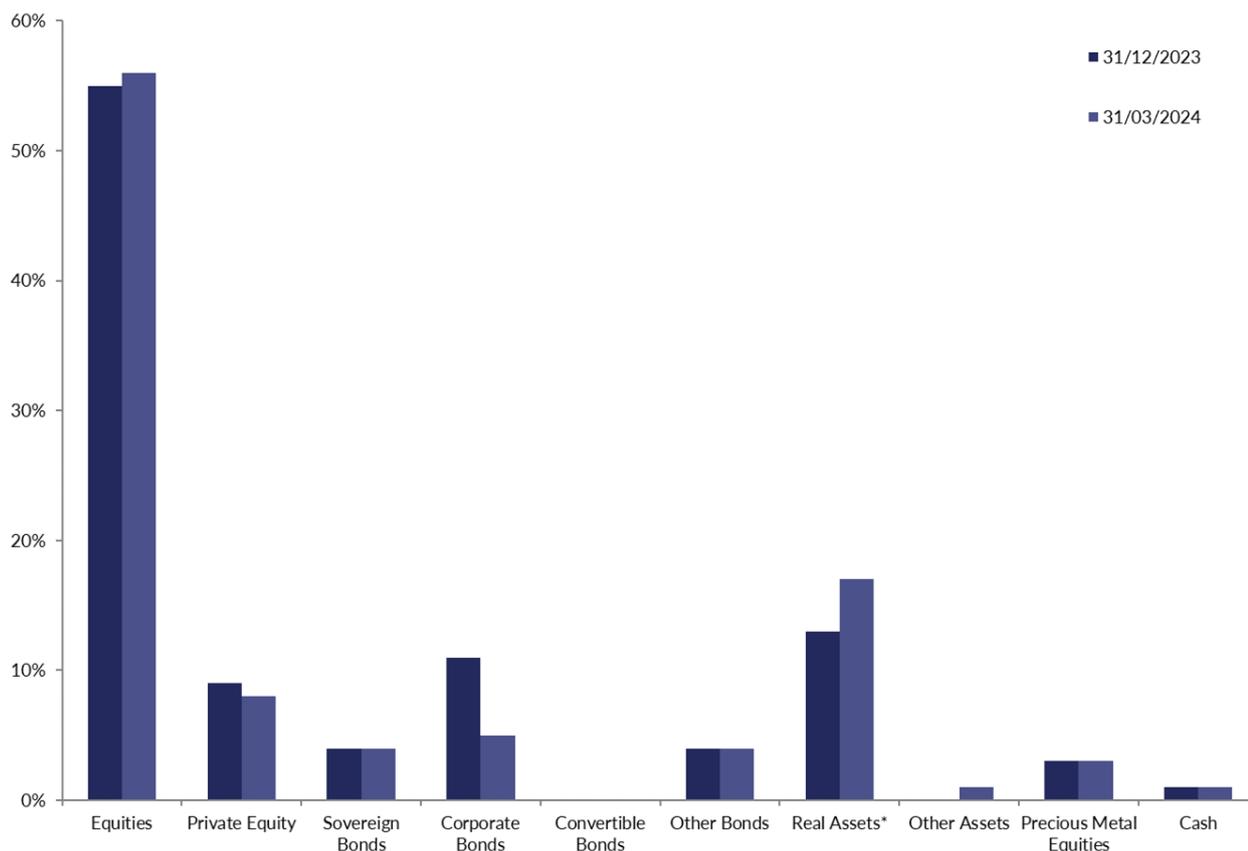


Discrete calendar year performance



Source: FE fundinfo, 13/04/2012 to 31/03/2024 (top). *From launch on 13/04/2012 and **to 31/03/2024 (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:

- BBGI Global Infrastructure
- HICL Infrastructure
- International Public Partnerships
- The Renewables Infrastructure Group
- Urban Logistics REIT
- WS Lightman European

Disposals:

- Artemis Corporate Bond
- Close Sustainable Fixed Income
- Federated Hermes Asia ex Japan Equity
- Gresham House Energy Storage
- Schroder Strategic Credit

Summary:

There were material reductions to the credit exposure following significant credit spread tightening. Proceeds were used to initiate several new infrastructure holdings: BBGI Global Infrastructure, HICL Infrastructure, International Public Partnerships and The Renewables Infrastructure Group. While offering distinct investment propositions covering the social, core and renewables infrastructure sub-asset classes, they all share a common attractive total return investment proposition, trading at wide discounts to net asset value (NAV). In addition, Urban Logistics REIT was introduced at a wide discount to NAV.

We exited the small remaining position in Gresham House Energy Storage, on concerns about the revenue backdrop and the ability for the trust to pay a meaningful dividend.

Federated Hermes Asia ex Japan Equity was sold to facilitate a new holding in WS Lightman European. Introducing Lightman diversifies the geographic exposure of the Fund, reducing exposure to China, whilst not compromising on portfolio quality or valuation.

Source: Internal, 31/03/2024, *including Precious Metal Bullion.

HOLDINGS

Equities 67%

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
ICG Enterprise Trust
Jupiter Japan Income
M&G Japan Smaller Companies
Man GLG Income
Ninety One Global Gold
Oakley Capital Investments
Pacific North of South EM Income Opportunities
Pantheon International
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 2%

Bonds 13%

Allianz Index-Linked Gilt
BioPharma Credit
Man GLG High Yield Opportunities
Man GLG Sterling Corporate Bond
Morgan Stanley Emerging Markets Debt Opportunities
RM Infrastructure Income
TwentyFour Income

Real Assets 18%

BBGI Global Infrastructure
Cordiant Digital Infrastructure
Digital 9 Infrastructure
Greencoat UK Wind
HICL Infrastructure
Hipgnosis Songs
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 song royalties where engagement and corporate events are key to realising value over the coming 12-18 months. The weighted average discount in the portfolios is -25%, wider than the trust sector as a whole at -16% which has also widened in recent weeks.

Source: Internal, 31/03/2024. 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.

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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 31/03/2024 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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