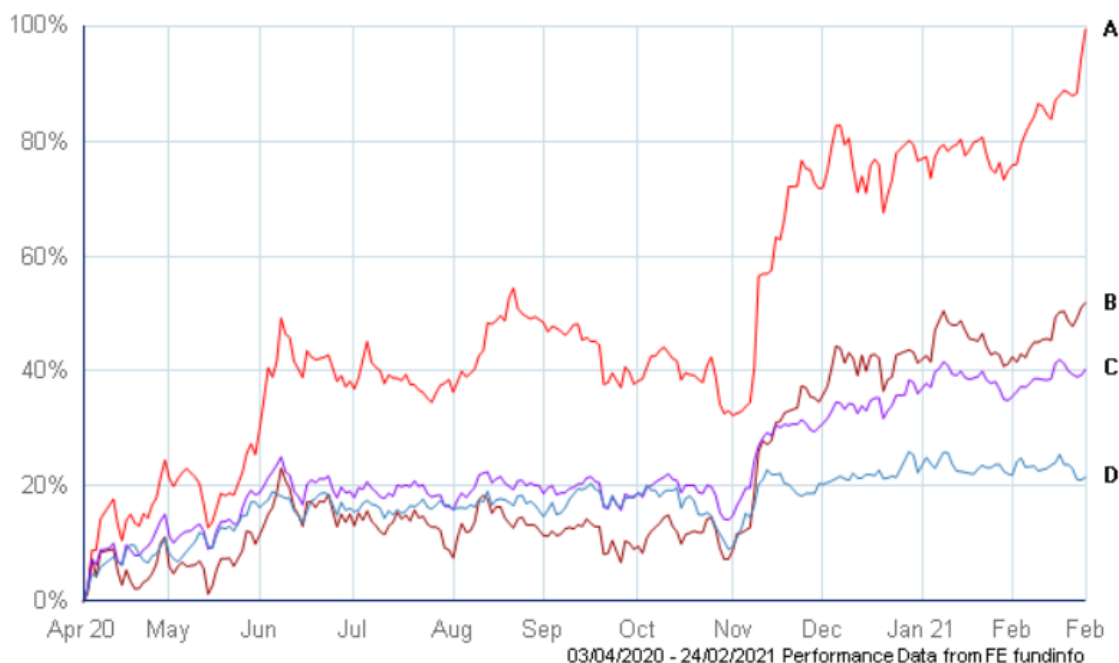


*A long time ago in a galaxy far, far away,
value was the dominant investment style...*

THE RETURN OF VALUE



We look for the 20 stocks with the best risk / return in the UK market. We are not factor investors. That said, a rising tide helps.

We are 11 months into *The Return of Value*. Style cycles are long and history suggests this will persist for an economic cycle or two. The Trustnet chart shows selected funds from the UK All-companies sector over the last 11 months:

- (A) 60% relative outperformance from a deep-value UK equity boutique (yes, they still exist)
- (B) Outperformance from one of UK's largest value managers
- (C) The UK All-companies sector
- (D) Underperformance from the well-known quality-growth manager

The deep-value boutique highlights that (i) value investors are a broad church (i.e. factors will only get you so far), and (ii) the benefit of investing with smaller managers (see the Elephant Graveyard chart in our 'God Portfolio' Broadside).

From a bottom-up perspective *The Return of Value* thesis is consistent with the once-in-a-lifetime opportunity we're seeing in our (deep-value) corner of the market, with good quality at very low prices supported by earnings upgrades.

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