

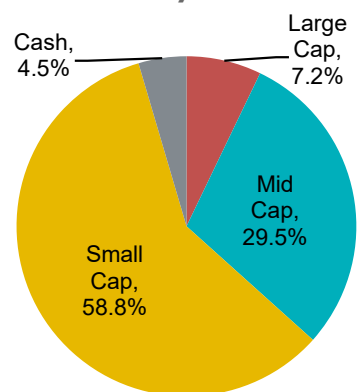
## Commentary

Position sizing is a function of risk/return asymmetry, and on average we see over 90% upside in our top three positions, which account for around a quarter of the Fund's equity holdings. Our top holding is the US-focused, laser screening equipment manufacturer, Somero Enterprises (SOM). Our entry followed a capitulation event, in this instance a wet 2019 summer in North America that curtailed the concrete laying season, halving the share price to our initial entry point of 198p. At 440p, SOM remains cheap on relative multiples, with prospective consensus P/E and dividend yield of 8x and 9% respectively (supported by balance sheet net cash). The business is also high-quality, with 34% EBIT margins, 65% RoIC, low capital requirements and excellent cash generation. Although an upbeat recent trading update highlighted customers facing 'high workloads and extended project backlogs', the stock is geared to the economically sensitive non-residential construction cycle. If the market doesn't pull SOM closer to peers, some of which trade on over double the valuation multiple, an acquirer well might.

## Top Ten Equity Holdings

1	Somero Enterprises	8.4%
2	Gulf Marine Services	7.7%
3	EnQuest	7.2%
4	Newriver Reit	6.8%
5	Renewi	5.8%
6	HSS Hire Group	5.6%
7	Capita	5.5%
8	Costain Group	4.9%
9	WPP	4.6%
10	SCS Group	4.4%
TOTAL		60.7%

## Portfolio by Size



Small Cap below £500m,  
Mid Cap from £500m to £3,000m,  
Large Cap above £3,000m

## Portfolio Characteristics

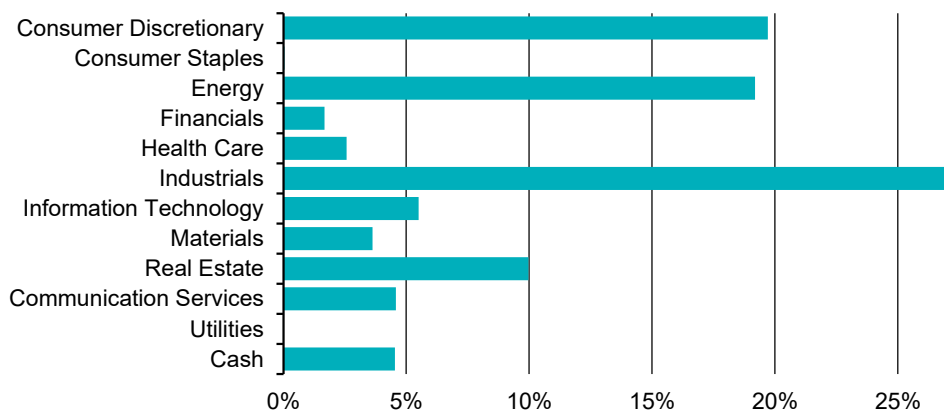
Holdings (ex cash) that:	
Trade at < TBV <sup>†</sup>	27.7%
Trade at < 10x P / E <sup>††</sup>	82.7%
Trade at > 10% FCFE yield <sup>†</sup>	64.4%
Have balance sheet net cash <sup>†^</sup>	32.1%

## Key Facts

Structure	UK NURS OEIC
AUM	£7.6m
Class A / B price	124.0p / 122.2p
% held by CWC employees	20.2%
Holdings	21
Launch date	3 October 2016
Share type	Net accumulation
OCF Cap*	0.37%**
Performance fee rate*	20% versus benchmark (with HWM)
Class A benchmark	MSCI UK IMI Net Dividends Reinvested
Class B benchmark	8% annual return

<sup>†</sup> Last reported / <sup>††</sup> Consensus forecast  
<sup>^</sup> Excluding IFRS16  
<sup>\*</sup> Refer to prospectus for full details  
<sup>\*\*</sup> Applies to GBP A to 30/06/23, reverting to 0.45%

## Portfolio by Sector

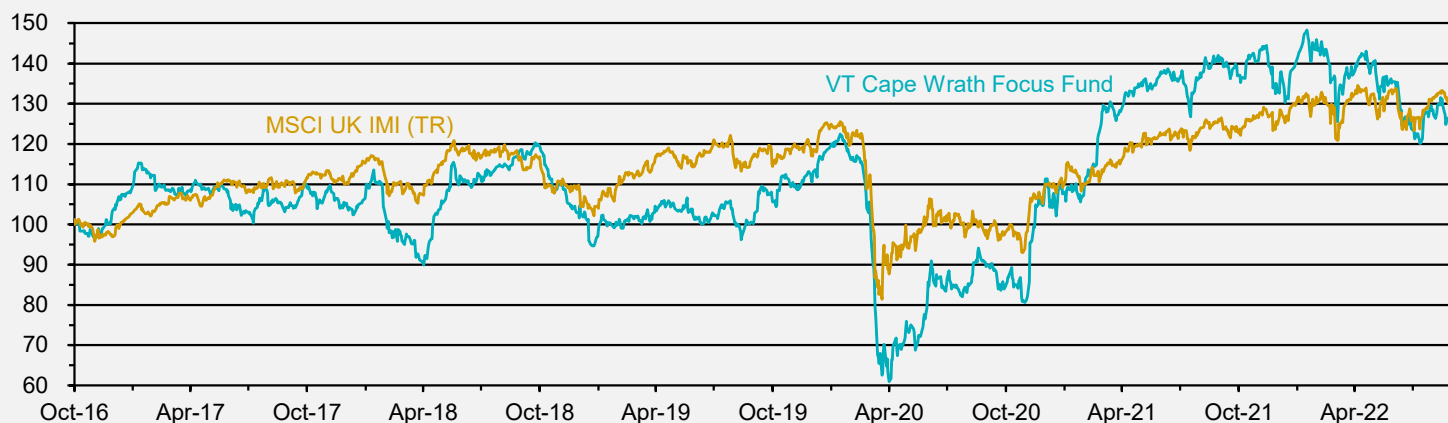


## Performance

3 October 2016 – 31 August 2022

Class A GBP Net Accumulation vs MSCI UK IMI (TR) rebased to 100

	1 m	6 m	1 y	3 y	5 y	Inception
Class A GBP	-3.0%	-8.9%	-12.3%	23.3%	18.9%	24.0%
MSCI UK IMI (TR)	-2.1%	-0.9%	2.5%	10.8%	15.8%	28.4%



Past performance is not indicative of future results

## Investment Objective

The investment objective of the Fund is to generate capital growth over the long term by typically investing at least 70% in a concentrated portfolio of UK listed equities. The Fund follows a value philosophy, looking for situations in which investors have over-reacted to events and valuations no longer reflect company fundamentals. The best opportunities often are found after a period of disappointment has created emotional reasons not to invest. Every investment requires a clear catalyst, which impacts on earnings, or the multiple the market applies to those earnings.

## Platforms

AJ Bell	Embark
Alliance Trust Savings	Fusion
Allfunds	Hargreaves Lansdown
Ascentric	Novia
Aviva	Quilter
Charles Stanley Direct	Raymond James
Cofunds	Transact
	Valu-Trac Administration Services

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## Fund Manager



### Adam Rackley, CFA

After working as an analyst at the Alliance Trust, Adam joined Montanaro Asset Management, where he managed a smallcap income fund. Leaving the City in 2010, he taught the CFA qualification at BPP, and later managed equity research teams for CRISIL in Mumbai. In 2015 Adam returned to London and set-up Cape Wrath Capital. He has degrees in Philosophy, Politics & Economics, and Finance & Financial Law. Adam has served as a platoon commander with the 1st Battalion Black Watch and is the Principal at 'Alpha Coach', a leadership programme for portfolio managers. In his free time, Adam enjoys making marmalade and spending time outdoors with his children. He once took six months off to write a book ('Salt, Sweat, Tears'), and has swum the Channel, rowed the Atlantic, cycled Lands End to John o' Groats and run across England, Scotland and Wales.

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## Dealing Information

Daily dealing / 12 noon valuation point  
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Class A GBP ISIN: GB00BYQLQR34  
Class B GBP ISIN: GB00BYQLQV79

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