

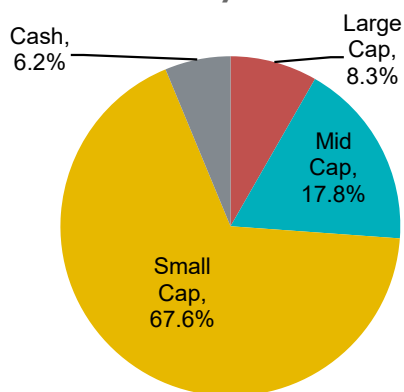
## Commentary

A potential investor once cancelled an introductory meeting after we shared our top ten holdings. Given that we look for companies that have suffered an extreme negative emotional response from the market (we call this a Capitulation Event), we understood the investor's reaction as a sign that we were doing something right. Gulf Marine Services (GMS), the offshore support vessel owner and operator, is a good illustration of a Capitulation Event. We bought GMS for around 3p, which was near the price at which the company's cornerstone institutional investor dumped their holding. That investor had owned GMS since the 135p IPO. Today, with the shares around 5p, GMS trades on FY1e consensus numbers of 2.7x PE, a 54% FCFE yield and 0.2x P/TBV, with earnings and cashflow moving in the right direction, driven by rising vessel utilization and day rates.

## Top Ten Equity Holdings

1	Newriver Reit	6.8%
2	Somero Enterprises	6.7%
3	SCS Group	6.0%
4	Gulf Marine Services	5.8%
5	Capita	5.5%
6	HSS Hire Group	5.5%
7	WPP	5.4%
8	Works co uk	5.0%
9	James Fisher & Sons	4.8%
10	Costain Group	4.8%
TOTAL		56.2%

## Portfolio by Size



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

## Portfolio Characteristics

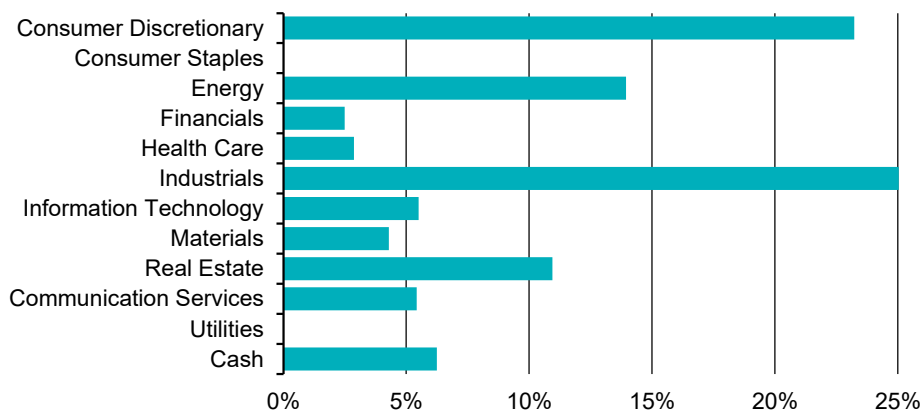
Holdings (ex cash) that:	
Trade at < TBV <sup>†</sup>	27.5%
Trade at < 10x P / E <sup>††</sup>	80.7%
Trade at > 10% FCFE yield <sup>†</sup>	61.0%
Have balance sheet net cash <sup>†^</sup>	35.0%

## Key Facts

Structure	UK NURS OEIC
AUM	£7.1m
Class A / B price	123.4p / 121.5p
% held by CWC employees	21.6%
Holdings	20
Launch date	3 October 2016
Share type	Net accumulation
OCF Cap*	0.37%**
Performance fee	20% versus benchmark rate* (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  
\* Refer to prospectus for full details  
\*\* Applies to GBP A to 30/06/23, reverting to 0.45%

## Portfolio by Sector

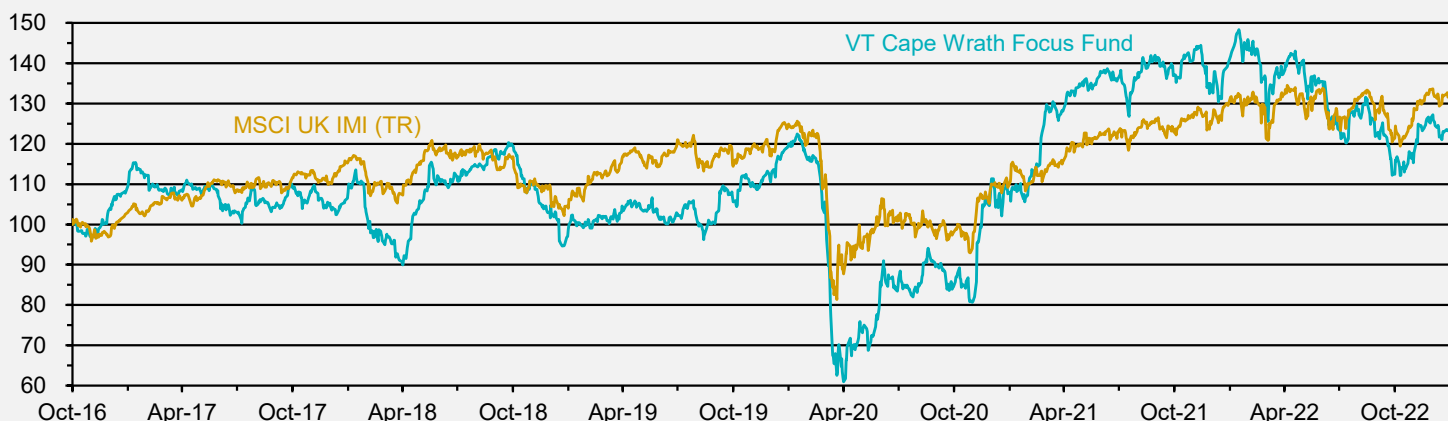


## Performance

3 October 2016 – 31 December 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	-1.5%	-0.7%	-11.7%	3.8%	16.6%	23.4%
MSCI UK IMI (TR)	-1.4%	4.6%	1.6%	6.4%	13.6%	31.6%



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 overreacted 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 Global
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 Curzon Financial Training. 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

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Class B GBP ISIN: GB00BYQLQV79

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