

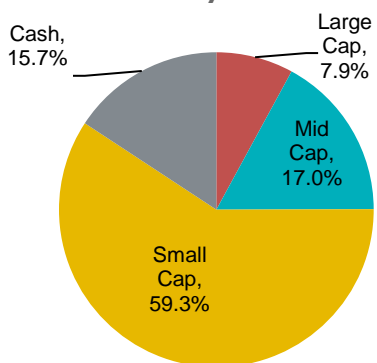
Commentary

Deciding when *not* to invest is as significant as deciding when to invest. In a high conviction portfolio every decision counts. A year ago we published a [precis of our work](#) on the legal services business, Ince Group. They were backed by some smart investors, including Ruffer and Crux, but we smelt a rat. I wrote, "I had concerns with cashflow, accrued income, and deferred consideration, but the odour became overwhelming when I got to related party transactions and executive remuneration. In 2021, the company made payments to companies controlled by the CEO and his family members which totalled £688,000... took £2.1m in government COVID support and made 147 roles redundant, while the CEO received a 'one-off short-term incentive' of £500,000... If the atmosphere at the top smells like entitlement, it might be unsurprising when our due diligence throws up ([this](#)) behaviour at a Cardiff restaurant... unscrupulous practice usually comes to light in the end. For shareholders, the impact can rarely be understated." It came as no surprise (to us) this month when [Ince Group filed for administration](#).

Top Ten Equity Holdings

1	Newriver Reit	6.5%
2	HSS Hire Group	6.3%
3	Costain Group	6.2%
4	Somero Enterprises	6.1%
5	Hammerson	5.4%
6	Gulf Marine Services	5.3%
7	Enquest	4.7%
8	James Fisher & Sons	4.7%
9	Capita	4.6%
10	Works co uk	4.0%
TOTAL		53.8%

Portfolio by Size



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

Portfolio Characteristics

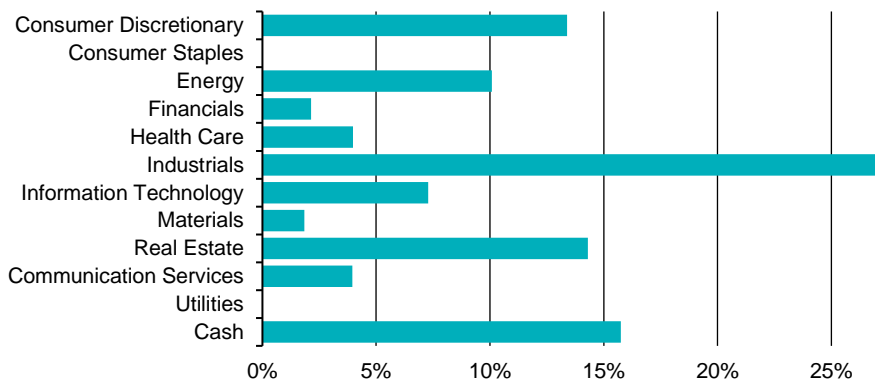
Holdings (ex cash) that:	
Trade at < TBV ⁺	30.7%
Trade at < 10x P / E ⁺⁺	75.1%
Trade at > 10% FCFE yield ⁺	64.9%
Have balance sheet net cash [^]	36.0%

Key Facts

Structure	UK NURS OEIC
AUM	£8.0m
Class A / B price	133.9p / 131.5p
% held by CWC employees	18.7%
Holdings	20
Launch date	3 October 2016
Share type	Net accumulation
Class A OCF / Performance fee*	0.37%** / 20% versus benchmark + HWM***
Class B OCF / Performance fee*	0.90% / nil

⁺ Last reported / ⁺⁺ Consensus forecast
[^] Excluding IFRS16
^{*} Refer to prospectus for full details
^{**} Applies to GBP A to 30/06/23, reverting to 0.45%
^{***} MSCI UK IMI Net Dividends Reinvested

Portfolio by Sector

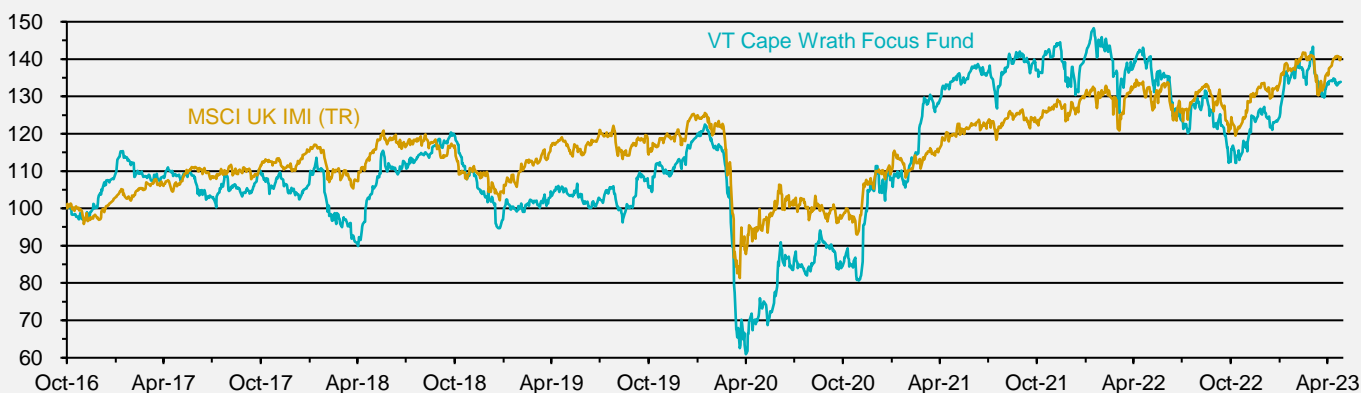


Performance

3 October 2016 – 28 April 2023

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	1.4%	15.1%	-3.8%	76.3%	28.9%	33.9%
MSCI UK IMI (TR)	3.6%	12.7%	6.1%	45.5%	22.3%	40.5%



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

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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.

Cape Wrath Capital
16 Trinity Square
Llandudno
LL30 2RB

01492 862885
contact@capewrathcapital.com
www.capewrathcapital.com

Dealing Information

Daily dealing / 12 noon valuation point
Dealing line +44 (0)1343 880344
Class A GBP ISIN: GB00BYQLQR34
Class B GBP ISIN: GB00BYQLQV79

ACD & Administrator

Valu-Trac Investment Management
Orton
Moray
IV32 7QE

Depository

National Westminster Bank Plc
Trustee & Depository Services
Drummond House
2nd Floor, 1 Redheughs Avenue
Edinburgh
EH12 9RH

Auditor

Frame Kennedy
4th Floor, Metropolitan House
31-33 High Street
Inverness
IV1 1HT