

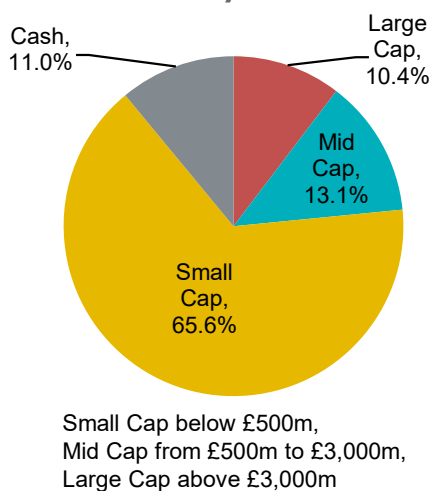
Commentary

Cyclical sectors, like housebuilders, illustrate why earnings-based valuation screens are often ineffective. We recently added MJ Gleeson (GLE) and Persimmon (PSN) to the portfolio, both on (ostensibly unattractive) double-digit consensus forecast P/E ratios. But ratios (like averages) often obscure. Share price declines have pre-empted earnings forecasts by 6-12 months, but both have fallen by a similar quantum since January 2022 - roughly 60% in the case of PSN. Drivers include the impact of interest rates, affordability and the end of the end of Help-to-Buy on demand. Stock specific considerations include inventory valuation, capital allocation, varying exposure to cladding remediation costs and supplier payment terms. Despite a structural undersupply of affordable housing in the UK, GLE is trading at a discount to the value of its landbank, whilst PSN has almost a quarter of its market cap in net cash. Owned landbanks of 4+ years means that for every incremental unit of sales growth, 4+ plots must be purchased. This working capital expansion reverses when sales decline, delivering surplus cashflows and providing an additional margin of safety.

Top Ten Equity Holdings

1	Newriver Reit	7.5%
2	Gulf Marine Services	7.1%
3	Somero Enterprises	6.9%
4	HSS Hire Group	6.2%
5	Costain Group	6.2%
6	James Fisher & Sons	5.8%
7	Capita	4.8%
8	Works co uk	4.8%
9	Enquest	4.6%
10	GSK	4.2%
TOTAL		58.1%

Portfolio by Size



Portfolio Characteristics

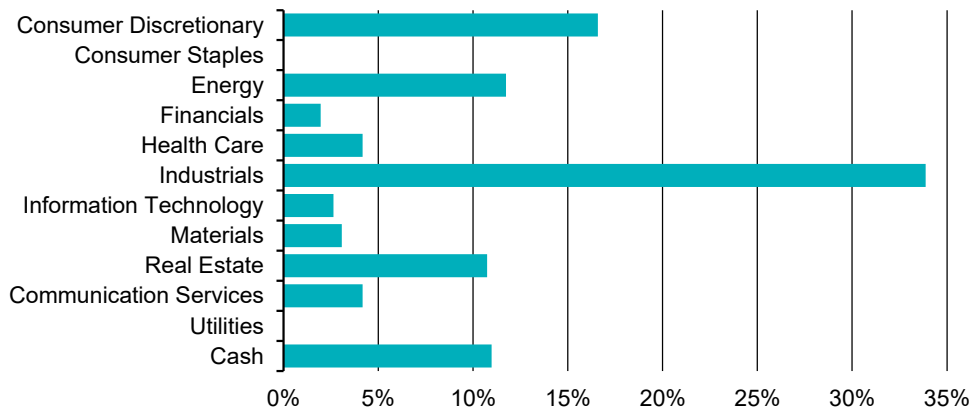
Holdings (ex cash) that:	
Trade at < TBV ⁺	30.0%
Trade at < 10x P / E ⁺⁺	78.0%
Trade at > 10% FCFE yield ⁺	67.7%
Have balance sheet net cash ⁺	35.5%

Key Facts

Structure	UK NURS OEIC
AUM	£7.2m
Class A / B price	126.7p / 124.6p
% held by CWC employees	19.7%
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

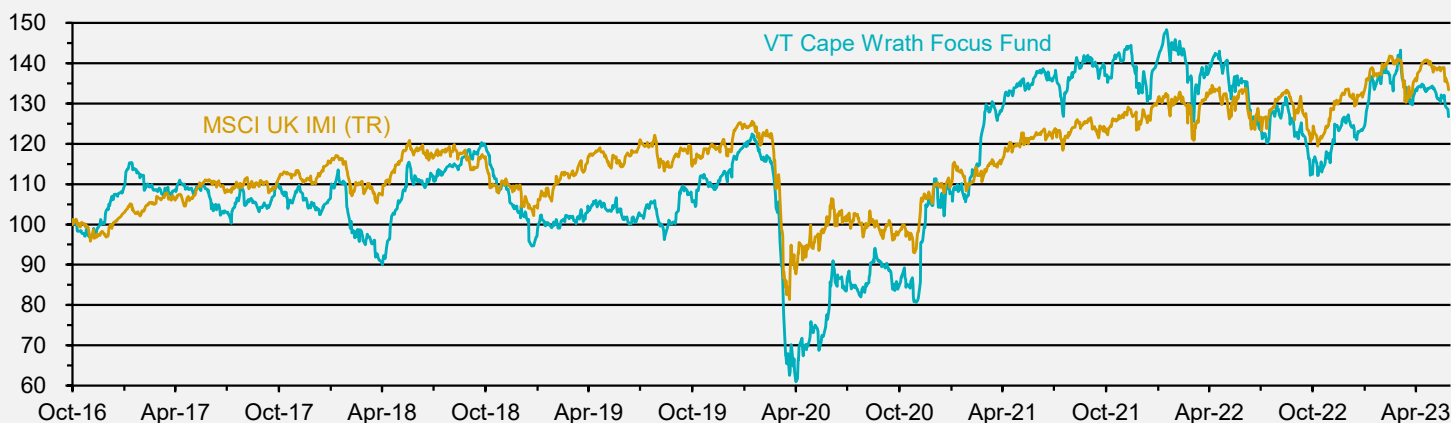


Performance

3 October 2016 – 31 May 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	-5.3%	1.2%	-6.2%	65.7%	13.0%	26.7%
MSCI UK IMI (TR)	-5.0%	-0.1%	-0.1%	33.8%	13.1%	33.4%



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 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	Fidelity Adviser Solutions
Alliance Trust Savings	Fusion
Allfunds	Hargreaves Lansdown
Ascentric	Novia Global
Aviva	Quilter
Charles Stanley Direct	Raymond James
Cofunds	Transact
Embark	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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Class B GBP ISIN: GB00BYQLQV79

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