

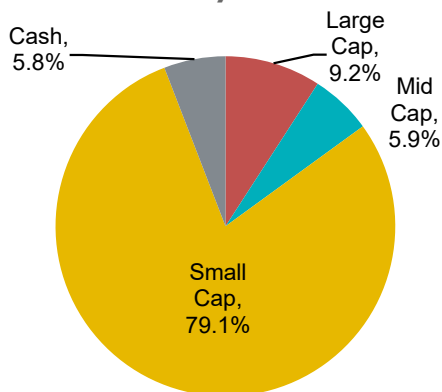
Commentary

In September 2022 we wrote about SCS, the sofa and carpet retailer. At that time, issues at MADE.COM (which took equity holders from £775m to zero in little over a year) made SCS look uninvestable. We wrote, 'These woes weigh on the SCS share price. In the real world though, having an imperiled competitor is excellent news... SCS shares are 120p, versus net cash... of 182p/share. In other words, an acquirer could pay a 50% premium for SCS simply by handing shareholders back their own cash.' While the market was indifferent to this valuation anomaly (actually in UK smallcap land, not such an anomaly), the Italian furniture retailer, Poltronosofà, was not. This month SCS announced an agreed takeover at 280p, a 66% premium to the undisturbed price and 133% return on 120p. The offer is consistent with our target price of 287p. Our clients understand that alpha exists in the unsightly fringes of the market, which are shunned by quality growth investors. They pay us to do work that few others will – grubbing in these dirty corners, taking on volatility and behavioural challenges - to provide them with differentiated returns.

Top Ten Equity Holdings

1	Gulf Marine Services	7.8%
2	SCS Group	7.7%
3	Costain Group	5.8%
4	Somero Enterprises	5.7%
5	Newriver Reit	5.5%
6	Renewi	5.4%
7	Works co uk	5.3%
8	Enquest	4.8%
9	NCC Group	4.2%
10	GSK	3.9%
TOTAL		56.2%

Portfolio by Size



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

Portfolio Characteristics

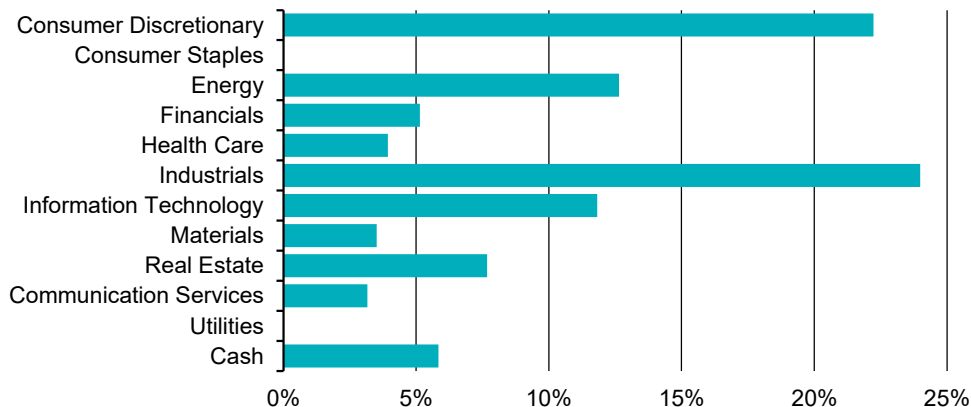
Holdings (ex cash) that:	
Trade at < TBV ⁺	32.6%
Trade at < 10x P / E ⁺⁺	76.5%
Trade at > 10% FCFE yield ⁺	63.5%
Have balance sheet net cash ⁺⁺	36.9%

Key Facts

Structure	UK NURS OEIC
AUM	£9.3m
Class A / B price	128.3p / 126.0p
% held by CWC employees	15.2%
Holdings	22
Launch date	3 October 2016
Share type	Net accumulation
Class A OCF / Performance fee*	0.45% / 20% versus benchmark** + HWM
Class B OCF / Performance fee*	0.90% / nil

⁺ Last reported / ⁺⁺ Consensus forecast
[^] Excluding IFRS16
^{*} Refer to prospectus for full details
^{**} MSCI UK IMI Net Dividends Reinvested

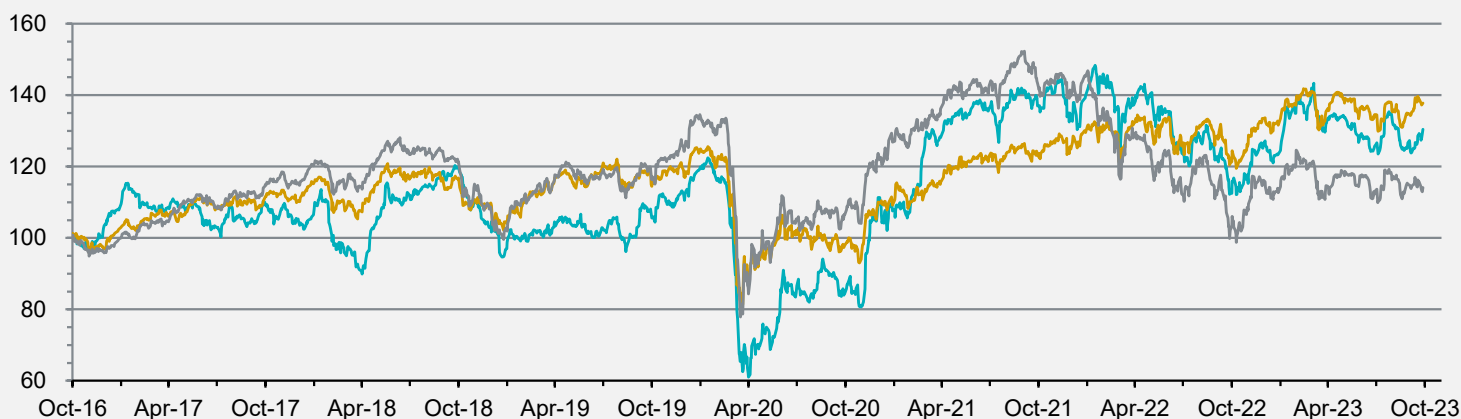
Portfolio by Sector



Performance

3 October 2016 – 31 October 2023

	1 m	6 m	1 y	3 y	5 y	Inception
Class A GBP Net Accumulation	-1.6%	-4.2%	10.3%	58.1%	17.2%	28.3%
MSCI UK IMI Net TR - rebased	-4.0%	-5.9%	6.1%	42.1%	19.4%	32.2%
MSCI UK Smallcap Net TR - rebased	-6.8%	-10.5%	-0.2%	1.9%	-5.3%	6.4%



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	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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