

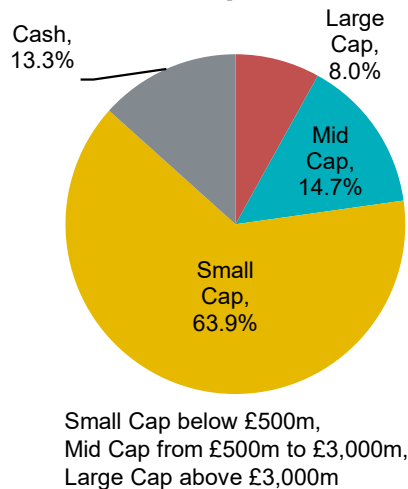
Commentary

Companies typically appear on our radar when existing investors 'just want out'. Last month we initiated coverage on a stock which had de-rated from a peak forward P/E of 28.1x (at 3,910p) to a trough of 4.4x (at 594p), as the market realised that growth was more cyclical than they had thought. Reading the psychology behind this change in perception of value is fascinating - it's one of the reasons I choose to be an investor. The company is Future PLC (FUTR) and it is the latest addition to your portfolio. FUTR's specialist media content is tailored to readers who are either prepared to pay for editorial / curated content ('MoneyWeek', 'The Week Junior'); or seeking information to guide a purchasing decision (and so of high value to advertisers and retailers). The Group also owns the price comparison site Go.Compare. The new CEO has shifted capital allocation from M&A to organic investment in content, and initiated a share buy-back. Debt levels are modest versus FCF, and the shares could double and still be cheap versus comparable businesses.

Top Ten Equity Holdings

1	Somero Enterprises	7.5%
2	Gulf Marine Services	7.1%
3	Enquest	5.2%
4	Costain Group	5.1%
5	Renewi	4.7%
6	Newriver Reit	4.6%
7	Future	4.5%
8	NCC Group	4.0%
9	Capita	3.9%
10	Synthomer	3.8%
TOTAL		50.4%

Portfolio by Size



Portfolio Characteristics

Holdings (ex cash) that:	
Trade at < TBV ⁺	29.9%
Trade at < 10x P / E ⁺⁺	80.5%
Trade at > 10% FCFE yield ⁺	64.2%
Have balance sheet net cash ⁺	31.2%

Key Facts

Structure	UK NURS OEIC
AUM	£11.6m
Class A / B price	140.1p / 138.8p
% held by CWC employees	13.3%
Holdings	23
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

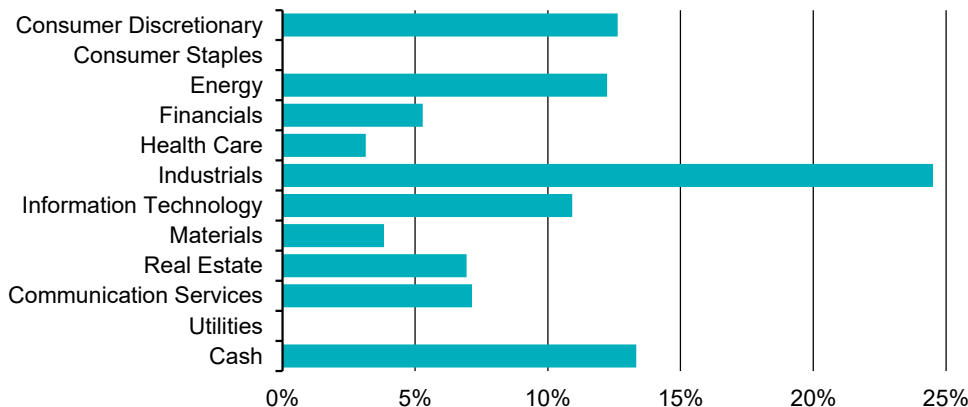
⁺ Last reported / ⁺⁺ Consensus forecast

[^] Excluding IFRS16

* Refer to prospectus for full details

** MSCI UK IMI Net Dividends Reinvested

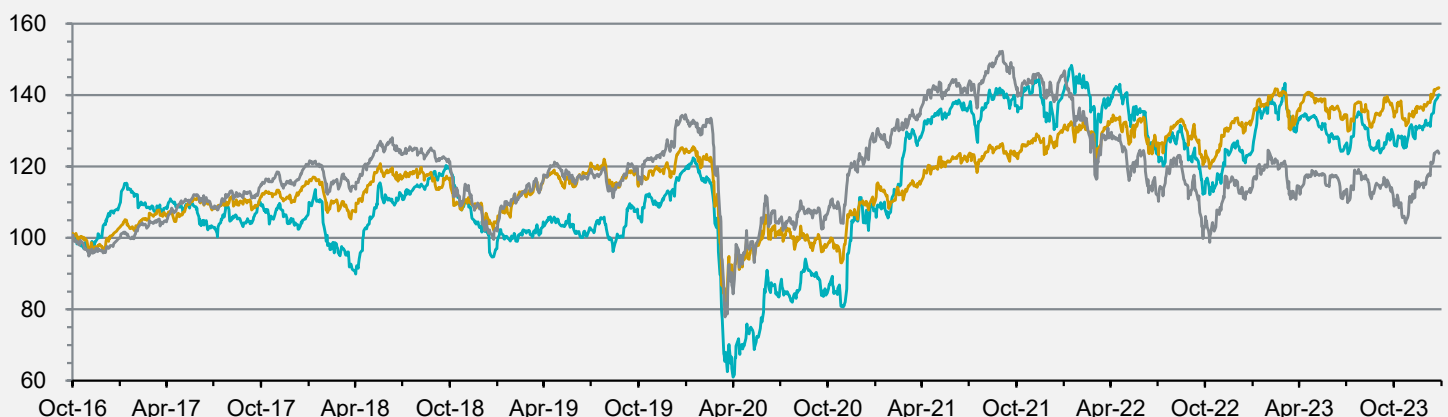
Portfolio by Sector



Performance

3 October 2016 – 29 December 2023

	1 m	6 m	1 y	3 y	5 y	Inception
Class A GBP Net Accumulation	6.7%	11.5%	13.5%	30.3%	44.8%	40.1%
MSCI UK IMI Net TR - rebased	4.4%	5.6%	8.0%	30.2%	36.0%	42.1%
MSCI UK Smallcap Net TR - rebased	8.5%	9.5%	9.8%	-2.4%	20.7%	23.7%



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 A GBP ISIN: GB00BYQLQR34
Class B GBP ISIN: GB00BYQLQV79

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