

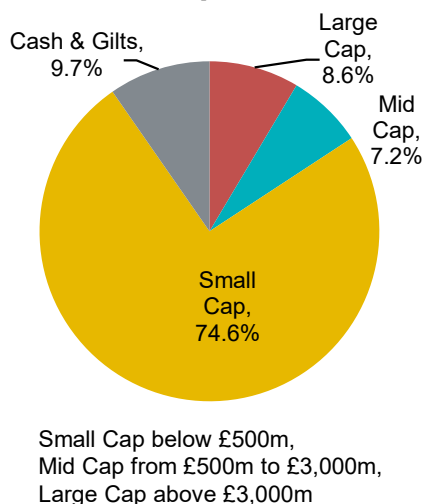
Commentary

In recent years, Synthomer (SYNT), the chemicals business formerly known as Yule Catto, has suffered post-COVID de-stocking, a mis-timed acquisition, and a rescue rights issue. These things will sound familiar to investors who follow our search for Capitulation Events. In this respect at least, SYNT is best-in-class, with shares falling by around 97% between June 2021 and March 2024. When a narrative gets as beaten up as this, it doesn't take much for things to look better. So it was on 12 March when SYNT reported early signs that demand in its core market was bottoming out. Over the next four days, shares rose by almost 80% peak-to-trough. SYNT is an exemplar of the broader situation in UK Valueland where we see large swings on low volumes as investors scour for catalysts. Volumes are typically lowest at the top and bottom of market cycles. Valuations suggest to us that this is the latter. Back at SYNT, management believes that their asset base can deliver over £320m EBITDA, putting the business on an EV/normalized-EBITDA of 3x, versus a long-term historic median of closer to 10x.

Top Ten Equity Holdings

1	Somero Enterprises	6.0%
2	Synthomer	5.7%
3	Costain Group	5.6%
4	TT Electronics	5.5%
5	Enquest	5.3%
6	Future	5.1%
7	Gulf Marine Services	5.0%
8	Eurocell	4.7%
9	XP Power	3.9%
10	Newriver Reit	3.9%
TOTAL		50.8%

Portfolio by Size



Portfolio Characteristics

Holdings (ex cash) that:	
Trade at < TBV [†]	26.7%
Trade at < 10x P / E ^{††}	80.9%
Trade at > 10% FCFE yield [†]	58.7%
Have balance sheet net cash ^{†^}	30.5%

Key Facts

Structure	UK NURS OEIC
AUM	£13.0m
Class A / B price	139.9p / 137.4p
% held by CWC employees	11.6%
Holdings	24
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

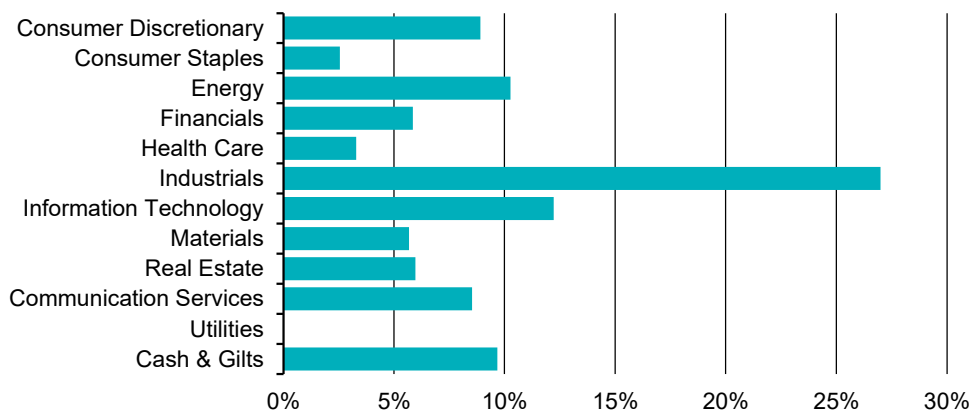
[†] Last reported / ^{††} Consensus forecast

[^] Excluding IFRS16

* Refer to prospectus for full details

** MSCI UK IMI Net Dividends Reinvested

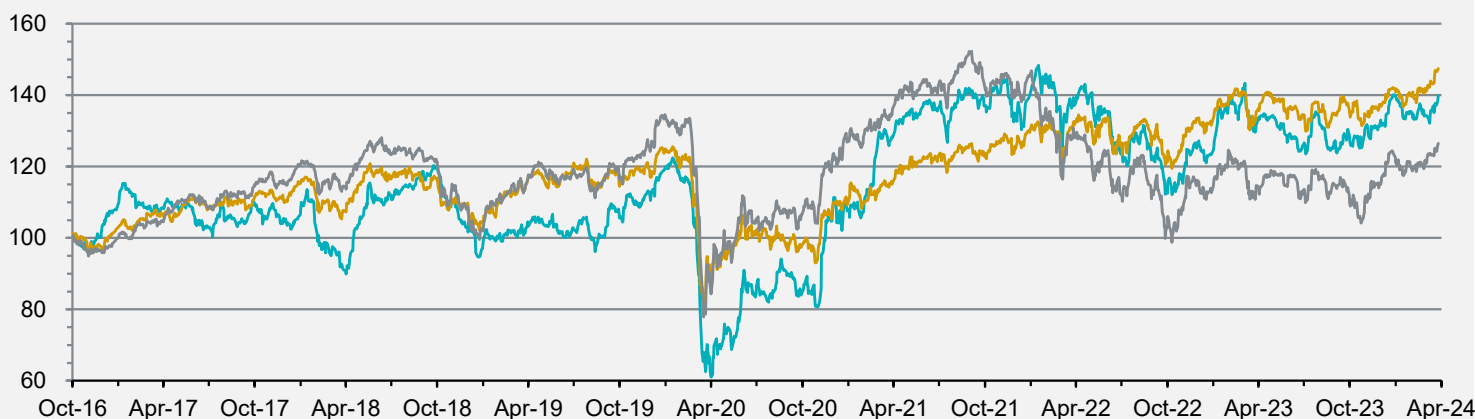
Portfolio by Sector



Performance

3 October 2016 – 28 March 2024

	1 m	6 m	1 y	3 y	5 y	Inception
Class A GBP Net Accumulation	4.4%	7.3%	5.9%	9.0%	36.2%	39.9%
MSCI UK IMI Net TR - rebased	4.7%	7.0%	8.8%	28.2%	28.5%	47.4%
MSCI UK Smallcap Net TR - rebased	5.5%	10.9%	10.3%	-5.9%	10.0%	26.5%



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 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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