GVQ Opportunities Fund

Q4 2023 Factsheet

31st December 2023

Notice to recipients

Key risks associated with this Fund

- There is no guarantee that the Fund will achieve its objectives and there can be no assurance that the manager will identify suitable investments for the Fund to satisfy the Fund's rate of return objectives.
- The value of the Fund's underlying investments may fluctuate in response to activities and results of individual companies, as well as in connection with general market conditions. Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment. The investment manager aims to remove the impact of changes in some exchange rates by hedging, a currency transaction which can protect against such movements. However, if exchange rates move contrary to the investment manager's expectations, this can have a significantly negative impact on the value of your investment.
- In the event of a material demand for redemptions, the Fund could be forced to sell liquid positions, resulting in an over-weight in a small number of illiquid investments.
- The Fund could take its charges from capital of the Fund if insufficient income is generated to cover the charges and accordingly there is the potential for capital erosion. Capital erosion may have the effect of reducing the level of income generated in the future.
- A complete description of the risk factors is set out in the Prospectus and Supplement to the Prospectus, in the section entitled "Risk Factors".

Notice to recipients

- This is a marketing communication. This is not a contractually binding document. Please refer to the Prospectus and to the KIID and do not base any final investment decision on this communication alone.
- GVQ Opportunities Fund (the "Fund") is a recognised scheme for the purposes of section 264 of the Financial and Markets Act 2000 ("FSMA"). The promotion of the Fund to the general public and the communication of this document in the United Kingdom is accordingly allowed by section 238(4)(c) of FSMA. Whilst this presentation is being communicated outside the United Kingdom directly by the Fund and the directors of the Fund are responsible for its contents, - wherever communicated, it is approved for the purposes of section 21 of FSMA for communication in the United Kingdom by GVQ Investment Management Limited ("GVQIM"). GVQIM, whose registered office is at 16 Berkeley Street, London, W1J 8DZ, is registered in England (no. 4493500) and is authorised and regulated by the UK Financial Conduct Authority ("FCA"), Registration Number 220997. GVQIM also acts as Facilities Agent for the Fund in the UK, where at its registered office those documents and services required by section 264 of FSMA are available. GVQIM is acting as the Investment Manager to the Fund in relation to the offering of shares in the Fund described in this document and matters relating thereto and it or any of its associates may have an interest or position in shares in the Fund. It will not be acting for, or offering advice to, any other person (unless other arrangements apply between GVQIM and such person) in relation to investment in the Fund and will not be responsible for providing protection afforded to its clients in relation thereto
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- Switzerland: The Prospectus and the Supplements of the Funds, the Key Investor Information Documents ("KIIDs"), the Memorandum and Articles of Association as well as the Annual and Interim Reports of the Company are available only to Qualified Investors free of charge from the Swiss Representative. In respect of the Shares distributed in Switzerland to Qualified Investors, place of performance and jurisdiction is at the registered office of the Representative. Swiss Representative: 1741 Fund Solutions AG, Burggraben 16, 9000 St. Gallen. Swiss Paying Agent: Tellco Ltd, Bahnhofstrasse 4, 6430 Schwyz, Switzerland.

Sustainability disclosures

- Information on how sustainability risks are considered and integrated into the investment decision-making of a Fund is set out in the Supplement for each Fund. The assessment of the likely impacts of sustainability risks on the returns of an individual Fund is conducted at the portfolio level and can also be found in the Supplement for each Fund.

Ratings as at 31 October 2023. Based on 99% of AUM. The Morningstar® Sustainability Rating™ aims to measure how well the issuing companies of the securities within a fund's portfolio holdings are managing their environmental, social, and governance risks and opportunities relative to peers in the fund's Morningstar Global Category.

Low Carbon

Ratings as at 31 October 2022. Based on 99% of AUM. The Morningstar® Low Carbon Designation™ aims to allow investors to easily identify low-carbon funds across the global universe. The designation indicates that the companies held in a portfolio are in general alignment with the transition to a low-carbon economy.

The Prospectus and Key Investor Information Document (KIID) for the GVQ Opportunities Fund [sub fund of GVQ Investment Funds (Dublin) Plc] are available in English on GVQIM's website www.gvqim.com. Please see offering documents for full terms and conditions.

Contact Details

For Fund subscriptions and redemptions please visit the GVQIM website for an APPLICATION FORM or contact:

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GVQ INVESTMENT MANAGEMENT

Fund objective
The GVQ Opportunities Fund (the "Fund") invests in the equity of up to 45 UK quoted companies which have been identified as undervalued using private equity based valuation techniques. It may invest up to a maximum 20% in non-UK companies. It is not constrained by market indices and aims to maximise returns over the medium term.

Fund manager's review
The Fund had a strong end to the year delivering a total return of 6.0% in December, outperforming the FTSE All-Share index by 1.5%. Since vaccine-Monday just over 3 years ago the Fund has delivered an annualised total return of 12.1%, versus an equivalent total return from the FTSE All-Share of 11.7%, and for the S&P 500 of 12.0%. On our core valuation metric, the Fund GVQ cash yield, at 14.9%, remains at close to a historic high.

Just before Christmas (on 20th December) the Financial Conduct Authority ("FCA") unveiled its proposed new listing rules designed to make London more attractive as a listing destination. In its own review it acknowledges that: *'Inevitably, the listing regime is not the only element, and perhaps not the primary one, in decisions made about when and where to take companies public.'* It goes on to cite *'depth of capital markets'* alongside a myriad of other factors, contributing to the issue. For us, however, the depth of UK capital markets (or lack thereof) is the critical issue facing nearly all listed corporates (and those looking to list) in the UK currently, as Private Wealth Managers in particular, have aggressively turned away from their domestic market.

As we wrote last month: *'No doubt mentally triggered by the word 'liquidity' but for some time the UK market has pictorially felt like a shark flapping around in a low-lying pool; every move accentuated. As opposed to swimming around in an ocean where its movements invariably go unnoticed. By way of example, small cap media company, Wilmington (not a Fund holding) at 9.42am on 6 December had traded just 13 shares, equating to c.£50 by value; for the avoidance of doubt, that is £50 (not £50k, or £500k, let alone £5m). The stock off the back of this was showing +7.6% on Bloomberg, with no specific news; this equated to a market cap uplift of over £21m! (Again for the avoidance of doubt that is 21 million pounds off c.£50 of traded value). It is obviously an extreme example, but outsized moves (both ways it should be pointed out) typically on little volume have become a regular UK market feature, and certainly not restricted to Small-Caps (to which you would often associate, to a degree, such a feature); the Mid-Cap space arguably even more extreme.'* And it doesn't stop there. Perhaps an unintended consequence of the rise of structured products (and conversely the demise of active money) is that any volumes that there are, are increasingly focussed around the end of day auction, with little (if any) price sensitivity. As one of our sales traders recently passed comment: *'stocks like AstraZeneca are now almost 50% owned by passive funds, it's why half of the days volume (on average) is in 1% of the trading day.'*

In a deep capital market this presents less of an issue (e.g. S&P 500) but given the drain on liquidity from the UK market, this has exacerbated volatility and highlights dangers lurking in the financial system more generally. AstraZeneca sits at the top of the FTSE 100, but with more and more stocks traded this way (i.e. in baskets) across the market cap spectrum in the UK, share price movements are becoming increasingly divorced from fundamentals. This is not a corporate problem, the UK has been and remains home to a plethora of fantastic businesses; it is a market problem.

Ultimately you cannot have a deep, efficient capital market without participants and active price discovery. We are strongly of the belief that you cannot achieve this without a strong active fund management industry, as London indeed previously had; not anymore. Best intentions and all that, but ironically the 'starting' point for all this probably ends up being close to the desired 'end' point, not without huge damage in-between, and left unaddressed, having further profound and negative consequences. As Charles Hall, Head of Research at Peel Hunt recently wrote: *'…there are some deep-rooted issues in the UK regarding IPOs and the health of equity capital markets, which have material consequences for long-term economic growth.'*

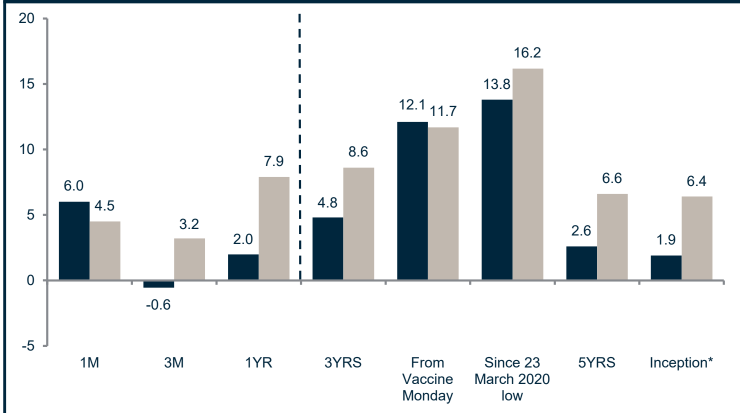
Performance attribution
As previously outlined, share prices generally have become more and more divorced from fundamentals. Macro news flow (or more specifically conjecture versus fact) has invariably trumped micro news flow. A further observation, what for many was an inked-in hard recession for the UK in 2023 has not occurred; the economy has proven yet again to be far more resilient than most people's expectations. This follows off the back of the UK growing more than its G7 peers in both 2021 and 2022. Corporate resilience has largely mirrored this. Fact and sentiment remain largely at odds with the enormous potential investment opportunity; akin to a Texas rancher selling his land for grazing purposes the day before oil was found. The difference here is that the value is in plain sight.

Before one gets too downhearted that this will never be realised and things will never change, we again point readers to a piece of work performed by Liberum on style analysis that we highlighted in October. They conclude the following: *'The one style factor that has performed exceptionally well since the end of the pandemic is to invest in companies that buy back shares aggressively. This style has shown extremely high returns post-pandemic compared to pre-2020 averages. We think this reflects generally low investor demand for shares which opens the door for companies that aggressively buyback their shares to push their share price higher.'* If companies buying back shares have this impact, it clearly needs very little for a gap-up market to occur given today's starting point. While quietly gone unnoticed, performance since vaccine-Monday just over 3 years ago would suggest the fight back has already begun.

Portfolio activity
There were no material changes to the Fund in December.

Portfolio outlook
According to PitchBook data, 2023 was the worst year for private equity ("PE") exits in more than a decade at a time when the industry is now very much 'front page'. The reality is that PE and public markets are symbiotically linked and no one should be more concerned about market dynamics than PE arguably, with more than a watchful eye on what is unfolding in the UK; if it proves a persistent structural problem, it removes a key exit route. The PE industry, however, continues to draw in huge sums of capital from asset allocators (largely the other side of the structural shift). Pressure on this capital to be deployed should provide a favourable backdrop for the Fund given its historically high M&A capture. More generally though, we have raised concerns many times before, particularly around the general lack of understanding, it would appear, of what many of these new found fans of the PE buyout industry believe they have bought. Comments like 'it gives us access to fast growing companies' or 'it helps reduce volatility' do little to assuage our concerns. The 'democratisation of private assets' is likely a massive accident in the making in our strong view and should not be allowed to happen; it would appear to finally be attracting some regulatory scrutiny. There is no credible argument in our opinion, with this new much broader audience and given the complexity of the investments, that regulation should not be more onerous than public markets. That it is significantly less is alarming, and further points to a misunderstanding, broadly, of the asset class, and risks. That as a group they charge materially higher fees, offer limited transparency and liquidity vis-vis their available public counterparts, is all part of the oxymoron.

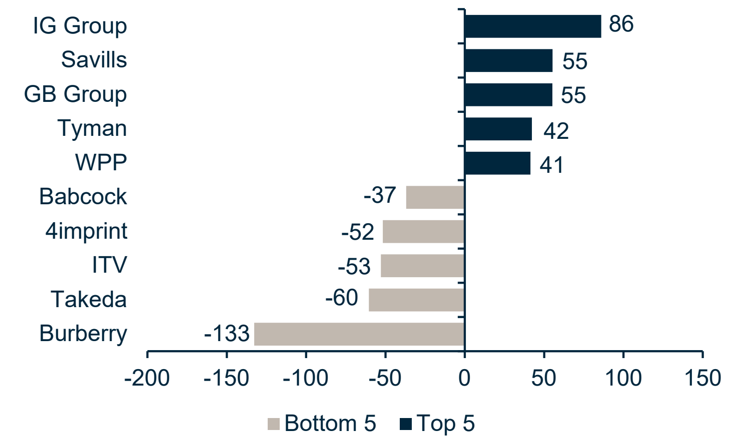
Annualised performance[1,2] (%)



Annual performance[1,4]

	YTD	2022	2021	2020	2019	2018	2017	2016	2015
% Growth	2.0	-1.0	14.0	-23.4	29.1	-17.1	9.6	9.6	N/A
Quartile	4	2	3	4	1	4	4	3	N/A

Contributors to performance[1] (bps)



Top 5 portfolio holdings[1]

	%
Jupiter Fund Management	10.2
WPP	8.5
Babcock	8.3
GSK	6.5
ITV	5.8

Consensus valuation data

	Fund[3]	FTSE All Share[4]
Price to earnings	10.9	12.3
Price to book	2.9	1.6
Dividend yield (%)	4.6	4.5
GVQ cash yield (%)	14.9	-

Sources: 1. Northern Trust 2. GVQIM 3. FactSet 4. Bloomberg. **Notes**: *Fund launch date 14th October 2015

Past performance is no guarantee of future performance and the value of investments can go down as well as up

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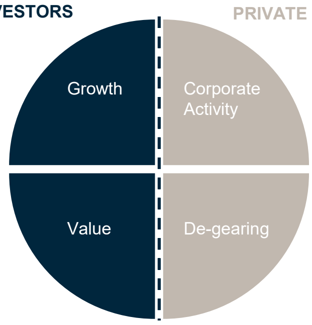
Key Investment features:
We aim to combine the best elements of public and private equity investing as described in the chart below:



Investment features also include:
Due diligence - thorough 360° appraisals, referencing execs, non-execs, customers, suppliers. Making use of strategic relationships with private equity groups.

Investment strategy – a focus on catalysts "how will we make money?" and exit plans - "how will we realise the gain?"

Use of industry experts – utilising an Advisory Panel of senior industrialists including Stewart Binnie, Peter Williams, Chris Rickard and Sir Clive Thompson.

Management team

Fund Manager: Jamie Seaton
Jamie was appointed CEO of GVQIM in May 2014. He is Fund Manager of both the GVQ UK Focus Fund (since April 2009) and GVQ Opportunities Fund (launched October 2015). Prior to this, Jamie was an equities analyst for GVQIM, and its first recruit following its formation. Previously he was an Investment Manager at Rothschild Asset Management and worked at Goldman Sachs. Jamie holds the CFA and IMC qualifications.

Deputy Fund Manager: Oliver Bazin
Oliver is Deputy Fund Manager on both GVQIM's Unconstrained Funds, the GVQ UK Focus Fund and the GVQ Opportunities Fund. In addition to assisting Jamie, his primary role is performing analysis and due diligence on existing and potential investee companies. Prior to joining GVQIM in 2016 as an Analyst, he worked at Rothschild in their M&A practice. He started his career at KPMG in their audit practice. Oliver holds both the ACA and CFA qualifications.

Deputy Fund Manager: Rob Ward
Rob is Deputy Fund Manager on both GVQIM's Unconstrained Funds, the GVQ UK Focus Fund and the GVQ Opportunities Fund, assisting Jamie and performing analysis and due diligence on existing and potential investments. Rob started his career at the corporate finance boutique Gleacher Shacklock, before moving to Rothschild's M&A practice. He has eleven years of relevant financial experience, is a graduate of Cambridge University and also holds the IMC qualification.

Fund details

Structure

Dublin listed Open Ended Investment company (OEIC), UCITS V compliant, recognised by the FCA, with reporting status

Incorporation date	14th October 2015	
Fund size	£6.1m	
No. of holdings	21	
Dividends	Semi-annual distribution	
Liquidity	Daily pricing and dealing	
	I Class	**A Class**
Share price	£9.87	£9.89
Minimum initial investment	£10m	£1,000
Fund charges		
Ongoing Charges Figure (OCF)[1]	2.20% p.a	2.31% p.a.
Included within the OCF is the		
Annual Management Charge (AMC)	0.65% p.a.	0.75% p.a.
Reference codes		
ISIN	IE00BYMY5574	IE00BYMY5C45
SEDOL	BYMY557	BYMY5C4
Bloomberg	GVQOPPI	GVQOPPA

The Fund is available to buy through the following platforms

- 7IM
- Aegon
- AJ Bell
- Allfunds Bank
- Alliance Trust
- Ascentric
- Aviva
- Charles Stanley Direct
- CoFunds
- Interactive Investor
- FundsNetwork
- Fusion
- Hargreaves Lansdown
- Nexus Fund
- Novia Financial
- Novia Global
- Nucleus
- Old Mutual
- Raymond James Investment Services
- Standard Life
- Standard Life Elevate
- Transact
- Zurich

Note: 1. OCF is as at November 2023 (latest available)
Past performance is no guarantee of future performance and the value of investments can go down as well as up