

Monthly Report

Financial markets made a strong end to the year as they began to anticipate cuts in interest rates. The fund's NAV rose by 3.6% in December.

Bond markets made the most of this shift in expectations and rallied with yields dropping consequentially. The world's equity markets were also strong, with the exception of China and Japan. The extent to which interest rate cuts are expected to benefit mid and small capitalisation companies can be seen in the performance of the Russell 2000 index of US listed small and mid-caps which outperformed the large cap Russell 1000 by 7.3% over the month while still lagging by 10% over the last twelve months. Areas of the world which had been lagging throughout the whole year, notably the UK and Emerging Markets, also recorded positive performance.

The US dollar eased while the Japanese yen was strong. This reflects the expectation that the interest rate differential between the two will narrow. Oil prices remain quite weak, despite the efforts of OPEC and Russia.

All of the Fund's primary allocations were positive contributors during the month, led by equity which generated 2% in attribution terms. A shift in style trends resulted in both the Global Leaders allocation and the Value Recovery positions performing well.

The Fixed Income allocation consists of UK Gilts, US Treasuries and a 3% allocation to the Artisan Emerging Markets Bond Fund. Fixed income contributed 0.9% to the fund return. Outside the primary allocations to bonds and equities, holdings in Alternative Assets; Gold, Property, Infrastructure and Music Royalties contributed 0.6%.

Property is considered an obvious beneficiary of a lower interest rate environment. In addition LXi REIT, the long leased property specialist held in the Fund announced that it is in discussions with LondonMetric Property PLC as a potential acquirer. The latter, managed by Andrew Jones has shown itself to be an astute acquirer over its history and we await further announcements following this initial recognition of quality and value within our Property holdings.

Fund Data

NAV/Share (Class C Acc)	£14.16
Fund Size (£mn)	95.66
Currency Share Class	GBP (Base)
Investment Management Charge	0.75%
Ongoing Charges Figure	1.41%*
Dealing Frequency	Daily
Legal Structure	OEIC (UCITS)
Co-Managers	Fergus Shaw & Michael Flitton
Inception Date Fund	2013

*OCF includes the Investment Management Charge

Recent portfolio activity has focused on two areas of the portfolio. Within the fixed income allocation, duration or interest rate sensitivity has been increased by rotating out of Gilts with maturity within the next three years and reallocating to Gilts with ten years or more of coupons to collect. This will increase the contribution of the bond portfolio from change in interest rates. The second channel of portfolio change has been to build further exposure to equity markets offering significant value opportunity.

Following a long absence, broad Emerging Market ex China equity exposure has been established via an index tracker. It is arguable that the inflation challenge has been better managed in these markets and scope for interest rate reduction is evident meanwhile a period of US dollar stability or decline would provide an additional fillip. Closer to home, the UK equity market is now represented in the portfolio, again using index trackers. The UK equity market has been beleaguered since 2016 and valuations are not stretched, we observe an increase in takeover activity by both corporate and financial buyers as this value is recognised while dividend payments remain supportive.

The Fund's current allocation to fixed income stands at 40%, resulting from the opportunity presented by the interest rate environment combined with the need to retain flexibility as economic systems continue to adjust following the 2020 economic shutdown, associated stimuli and disruption in key commodity producing geographies.

The equity weighting at 37% combines long-term core allocations supplemented by targeted allocations to areas of valuation opportunity which can be flexed. Over the last year the allocation to alternative assets has been challenged by the path of interest rates and company specific issues. Our work has focused on the underlying assets alongside a heavy level of engagement with the companies. With the Board of Directors refreshed at both Digital 9 and Hipgnosis, and the Property and Battery Storage assets continuing to deliver, we expect this part of the portfolio to enter a period where the focus can return to income generation.

The fourth quarter has delivered a glimpse of the performance potential within the current fund settings, however this sits against the disappointing return for calendar year 2023. We have adjusted portfolio settings to better reflect the opportunity set and implemented improvements to our internal processes, changes which we expect to be reflected in improved performance in 2024. Thank you for your investment and patience.



FERGUS SHAW



MICHAEL FLITTON

FUND FACTS

Allocation by Theme

- Global Leaders Equity Strategy - 14%
- Active Value Basket - 6%
- Passive Value Basket - 9%
- Japan - 6%
- Technology & Healthcare - 2%
- Music Royalties - 3%
- Property - 6%
- Infrastructure - 4%
- Fixed Income - 40%
- Gold - 8%
- Cash - 2%



Top Equity Holdings

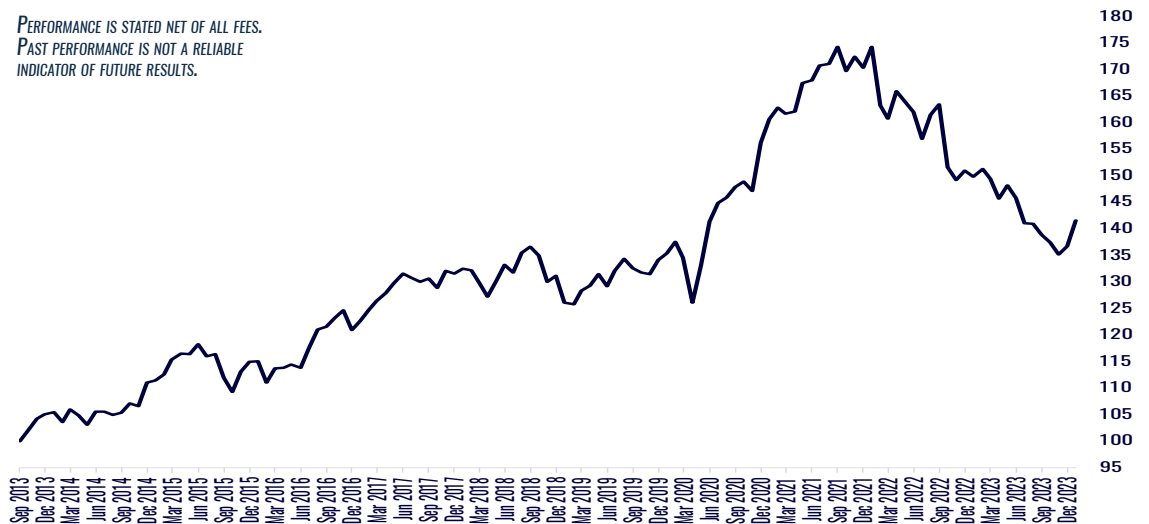
iShares MSCI EM ex China ETF	5.1%
Schroder Global Recovery	4.1%
Zennor Japan	4.0%
Chikara Japan	2.6%
Matthews China	2.1%

Top Non-Equity Holdings

iShares Physical Gold	8.2%
US Treasury 2027	8.0%
UK Gilt 2027	7.8%
UK Gilt 2028	5.7%
UK Gilt 2035	5.1%

Performance Since Inception

PERFORMANCE IS STATED NET OF ALL FEES.
PAST PERFORMANCE IS NOT A RELIABLE
INDICATOR OF FUTURE RESULTS.



Monthly Table (Net)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2023	0.9%	(1.3%)	(2.5%)	1.7%	(1.6%)	(3.3%)	(0.1%)	(1.5%)	(1.0%)	(1.6%)	1.1%	3.6%	(5.5%)
2022	(6.4%)	(1.5%)	3.1%	(1.2%)	(1.1%)	(3.2%)	2.9%	1.2%	(7.3%)	(1.6%)	1.2%	(0.8%)	(14.3%)
2021	1.4%	(0.7%)	0.2%	3.3%	0.3%	1.7%	0.1%	1.9%	(2.7%)	1.6%	(1.2%)	2.3%	8.3%
2020	1.6%	(2.1%)	(6.4%)	5.6%	6.2%	2.5%	0.7%	1.3%	0.7%	(1.2%)	6.2%	2.8%	18.3%
2019	(0.3%)	2.0%	0.7%	1.7%	(1.7%)	2.2%	1.7%	(1.4%)	(0.6%)	(0.2%)	2.0%	0.8%	7.1%
2018	(0.2%)	(1.7%)	(2.1%)	2.3%	2.4%	(1.0%)	2.7%	0.8%	(1.1%)	(3.7%)	0.9%	(3.9%)	(5.0%)
2017	1.7%	1.2%	1.3%	1.3%	1.5%	(0.6%)	(0.6%)	0.4%	(1.3%)	2.5%	(0.5%)	0.7%	7.7%
2016	(3.5%)	2.4%	0.1%	0.6%	(0.7%)	3.4%	2.8%	0.5%	1.2%	1.2%	(3.0%)	1.3%	6.4%
2015	0.9%	2.5%	1.0%	(0.2%)	1.7%	(2.0%)	0.3%	(3.9%)	(2.4%)	3.6%	1.6%	0.0%	2.9%
2014	(1.9%)	2.3%	(0.9%)	(1.7%)	2.3%	(0.0%)	(0.6%)	0.4%	1.5%	(0.4%)	4.0%	0.5%	5.5%
2013	-	-	-	-	-	-	-	-	1.9%	2.3%	0.9%	0.4%	5.4%

Performance

Year Ended	Dec 2023	Dec 2022	Dec 2021	Dec 2020	Dec 2019
Net Performance	-5.5%	-14.1%	+8.5%	+18.6%	+7.4%

Fund Codes

	ISIN:	SEDOL:	Bloomberg:
C Acc	GB00BCZXP59	BCZXP5	TMCESCA LN
C Inc	GB00BCZXTN36	BCZXTN3	TMCESCI LN

Key Fund Information

NAV/Share Class (Acc)	£14.16
Fund Size (£mn)	95.66
Currency	GBP (Base)
Authorised Corporate Director	Thesis Unit Trust Management (Authorised and regulated by FCA) Exchange Building St John's Street, Chichester, West Sussex PO9 1UP
Fund Custodian	The Northern Trust Company
Auditor	Pricewaterhouse Coopers LLP
Fund Legal Structure	UK OEIC (UCITS)
Inception Date - Fund	September 2013
Fund Saving Structures	SIPPs, ISAs & JISAs
Key Fund Documents	cernocapital.com/cerno-select
Ongoing Charges - Class C (incl. Management Fee)	Management Fee 0.75% Allocated managers' Fees 0.52% Other Fees (incl. running costs) 0.14% OCF 1.41%
Transaction Costs	Explicit Costs 0.01% Implicit Costs 0.08%*
Initial Charge	5% - waived as standard
Contact	Tom Milnes 020 7036 4126

*We have only started calculating this data from 1st July 2021, and as such this is an estimate based on the available data so far

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