

Monthly Report

May was a month of relative calm within a turbulent first half for financial markets.

Whilst the US dollar retreated a little in May, the Dollar Index (against a basket of currencies) has appreciated by 9.7% to the time of writing and 11.1% against GBP. This makes global monetary conditions tighter than they otherwise would be and reduces the international earnings of corporate America. Where it does help, and this may be a marginal point, is on the GBP value assets held outside the UK. This goes a long way to explaining why the FTSE100, which is broadly flat for the year, has outperformed other international exchanges.

Equity sector dispersion has been extreme. The global energy sector is up 37% YTD and every other sector is down, Technology by 31% for instance.

Fund net asset value declined by 1.1% over the month. Equity allocations were the primary detractor. Within Steady Return, the Property and Music Royalties holdings experienced some weakness while the Infrastructure allocations made a positive contribution. The put options held within the portfolio to lessen the impact of market downdrafts provided some relief and profits were taken on a portion of these. Out with this exercise, portfolio activity was limited to some rebalancing within Global Leader holdings and the introduction of one new name to the Steady Return allocation. The Ecofin US Renewables Infrastructure Trust has been purchased as the Fund's first direct exposure to renewable energy generation. The market for renewables in the US is at an earlier stage in its development than in Europe and is playing catch-up. The opportunity to build out significant scale and lock in long term power provision agreements is substantial and the team at Ecofin have a long history of operating in this space.

Fund Data

NAV/Share (Class B Acc)	£16.20
Fund Size (€mn)	143
Currency Share Class	GBP (Base)
Investment Management Charge	0.75%
Ongoing Charges Figure	1.35%*
Dealing Frequency	Daily
Legal Structure	OEIC (UCITS)
Co-Managers	Fergus Shaw & James Spence
Inception Date Fund	2013

*OCF includes the Investment Management Charge

The main component of equity market falls this year has been a direct result of valuation contraction. Valuations fall when inflation rises. Generally speaking, stocks which were valued at 30x forward earnings are now available for 20x forward earnings. Markets have foreboding about earnings: firstly because Central Banks are likely to succumb to (or reaffirm) their inflation fighting credentials which will doubtless impact demand and, secondly, because corporate profit margins had reached a generational high and are poised to fall. Positive operating leverage turns negative.

That is the general. We only invest in the specific. The allocation to Global Leaders provides exposure to the long term winners of trends such as the electrification of personal transport through Ansys, digitalisation of corporations through Accenture or Ansys and automation with Rockwell Automation. Semi-conductors play a crucial role across corporations and the Fund is well exposed via ASML, TSMC and Samsung Electronics. We note that the valuation on the Global Leaders' portfolio now stands at a more reasonable 20x earnings and our belief is that their earnings outlook is better than the market at large.

For themes or trends to flourish, supporting infrastructure is required and the Steady Return allocations cater to Digitalisation through the Digital 9 Infrastructure Fund with its Data-Centres, Cables and Networks acting as modern data railways. The impact of fuel cost inflation is a reminder of the importance of De-Carbonisation and this trend is supported by the electricity grid supporting role played by the batteries of the Gore Street Energy Storage Fund and the efficiency measures supported by the SDCL Energy Efficiency Fund.

The Fund's diverse set of allocations continues to provide exposure to a well-supported range of investment theses.



FERGUS SHAW



JAMES SPENCE



FUND FACTS

Allocation by Theme

- Global Leaders Equity Strategy - 22%
- Infrastructure - 19%
- Property - 15%
- Value Recovery - 11%
- Gold - 7%
- Japan - 7%
- Disruptive Technologies - 4%
- Healthcare - 4%
- China - 3%
- Music Royalties - 4%
- Equity Options - 1%
- Cash - 3%



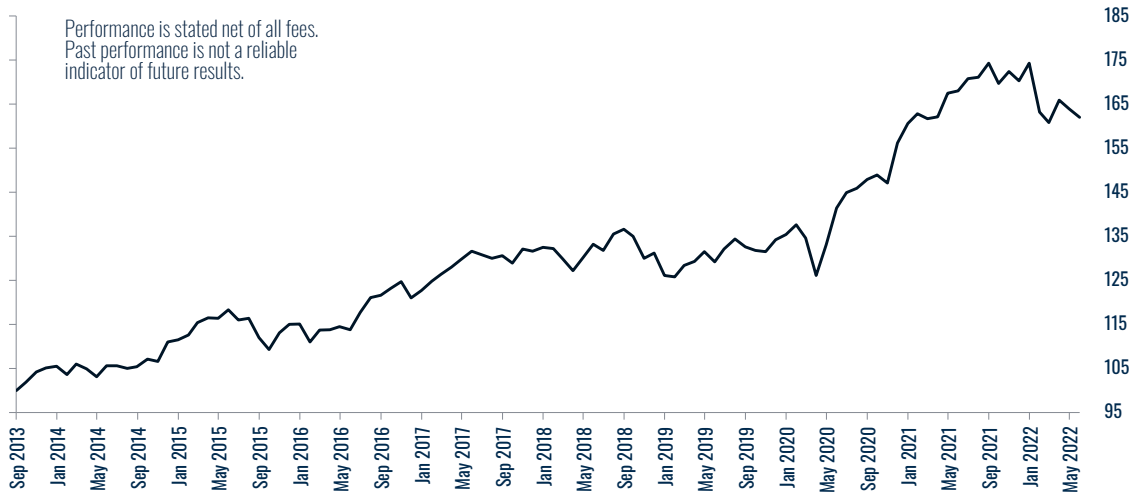
Top Equity Holdings

Cerno Global Leaders Equity Strategy	21.7%
iShares Edge MSCI World Value	6.1%
iShares Core MSCI Japan	4.3%
BB Healthcare	3.8%
Matthews China Small Companies	3.5%

Top Non-Equity Holdings

Life Science REIT	5.3%
Digital 9 Infrastructure	4.6%
Sequoia Economic Infrastructure	4.3%
Hipgnosis Songs	4.0%
LXI REIT	3.9%

Performance Since Inception



Monthly Table (Net)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2022	(6.4%)	(1.4%)	3.1%	(1.2%)	(1.1%)								(7.0%)
2021	1.4%	(0.7%)	0.2%	3.3%	0.3%	1.7%	0.2%	1.9%	(2.7%)	1.6%	(1.2%)	2.3%	8.6%
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%	18.6%
2019	(0.3%)	2.1%	0.7%	1.7%	(1.7%)	2.2%	1.7%	(1.3%)	(0.6%)	(0.2%)	2.0%	0.9%	7.4%
2018	(0.2%)	(1.7%)	(2.1%)	2.3%	2.4%	(1.0%)	2.7%	0.8%	(1.1%)	(3.7%)	0.9%	(3.8%)	(4.8%)
2017	1.7%	1.3%	1.3%	1.3%	1.5%	(0.6%)	(0.6%)	0.5%	(1.3%)	2.5%	(0.4%)	0.7%	8.0%
2016	(3.6%)	2.4%	0.1%	0.6%	(0.6%)	3.4%	2.9%	0.5%	1.3%	1.2%	(3.0%)	1.4%	6.6%
2015	1.0%	2.5%	1.0%	(0.1%)	1.6%	(1.9%)	0.3%	(3.8%)	(2.4%)	3.5%	1.7%	0.1%	3.2%
2014	(1.8%)	2.3%	(1.0%)	(1.7%)	2.4%	(0.0%)	(0.6%)	0.4%	1.6%	(0.5%)	4.1%	0.5%	5.7%
2013	-	-	-	-	-	-	-	-	1.9%	2.3%	0.9%	0.4%	5.4%

Performance

Year Ended	May 2022	May 2021	May 2020	May 2019	May 2018
Net Performance	-3.6%	+18.8%	+9.4%	-3.0%	+1.2%

Fund Codes

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

Key Fund Information

NAV/Share Class (Acc)	£16.20
Fund Size (£mn)	143
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 manager's Fees 0.43% Other Fees (incl. running costs) 0.17% OCF 1.35%
Transaction Costs	Explicit Costs 0.04% 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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