

TM Cerno Select

UCITS Multi Asset Class Portfolio (Class B)

September 2019



Monthly Report

Equity markets completed a round trip in September, recouping August's losses. Equity allocations made a positive contribution to fund performance. Global Leader companies made the largest aggregate contribution, meanwhile the high growth equity portfolio run by Douglas Brodie at Baillie Gifford declined as style resoundingly favoured value indices at the expense of high multiple stocks that make up growth indices.

The equity allocation to Indian companies benefitted from the introduction of corporate tax cuts in that country. After a period in which Modi's economic credentials were questioned, tax reform has been welcomed, particularly as they come at a time when global businesses are seeking to diversify manufacturing away from China. Vietnam and the Philippines are obvious beneficiaries of this trend. The improvement in Indian competitiveness alongside improvements in the ease of doing business in India will allow India also to benefit from this trend; the portfolio of mid and small cap Indian equities managed by Gaurav Narain in the Ocean Dial Emerging India Fund would benefit markedly.

Steady return holdings constitute property and infrastructure exposures. These allocations generate useful cash flows via dividends which were received from both property allocations and from the HICL infrastructure fund during the month. The property holdings; LXi REIT and Warehouse REIT updated the market with positive statements covering property purchases and asset management activities which we expect will lead to healthy dividend increases.

We are currently witnessing sharp divergence in industrial and consumer demand with the latter challenged while the consumer remains firm across Europe and the US. Industrial headwinds have been evident for some time in the Asia Pacific region and the underperformance of cyclical industrial sectors has fuelled the divergence of value and growth

biased portfolios. The historically high level of corporate profit margins in the US and their seeming unwillingness to mean revert has been a source of comment for some time. Recent analysis from the Bank Credit Analyst demonstrates that this level has been maintained by margin expansion in the Technology sector while in aggregate, corporate profit margins across all other sectors have been contracting. These pressure points often occur at particular points in the market cycle and appropriate asset selections will differ from those that have been most successful over the last few years.

The portfolio has little exposure to expensive US technology. It does hold high quality global businesses alongside targeted allocations to attractive markets experiencing growth such as China and offering significant value such as Japan. Infrastructure and property assets will deliver steady cash flows regardless of equity market trends. The Gold in the portfolio will perform should monetary actions become more extreme or be supplemented by greater fiscal largess. Finally, a diversified allocation across currencies will give the fund further stability.

Fund Managers



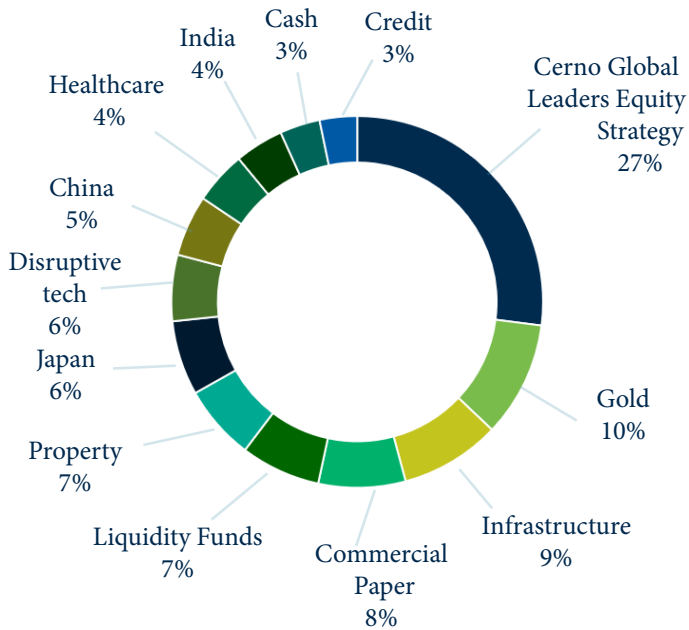
Fergus Shaw
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Allocation by Theme



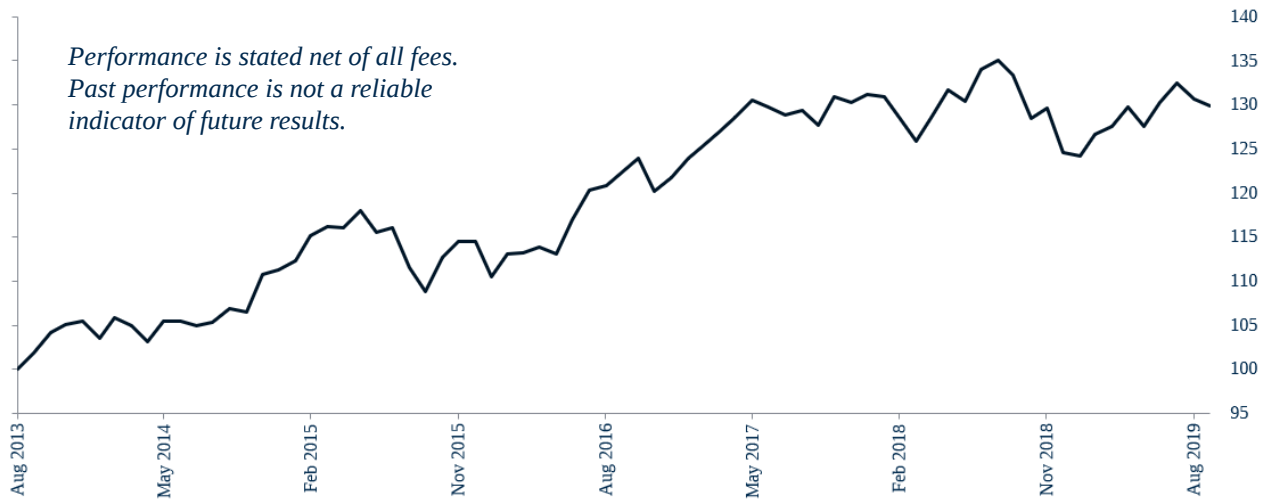
Top Equity Holdings

Cerno Global Leaders Equity Strategy	27.0%
iShares Core MSCI Japan	6.5%
Baillie Gifford Global Discovery	5.8%
Mathews China Small Companies	5.3%
BB Healthcare	4.6%

Top Non-Equity Holdings

HICL Infrastructure	5.5%
Wisdomtree Physical Gold	5.1%
iShares Physical Gold	4.9%
Shares USD Floating Rate Bond	4.5%
State Street Liquidity	3.6%

Performance Since Inception



Performance

Year ended	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15
Performance	-2.6%	4.5%	4.3%	12.5%	1.8%

Monthly Table

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	(0.3%)	2.0%	0.7%	1.7%	(1.7%)	2.2%	1.7%	(1.4%)	(0.6%)	-	-	-	4.3%
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%

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Fund Data

NAV/Share Class (Acc)	£12.99
Fund Size (£mn)	£97.9mn
Currency Share Class	GBP (Base)
ACD	Tutman LLP
Fund Custodian	Northern Trust
Fund Legal Structure	UK OEIC (UCITS)
Inception Date - Fund	September 2013
Fund Saving Structures	SIPPs, ISAs & JISAs
Ongoing Charges Class B	Management Fee 1.00% Allocated manager's Fees 0.19% Other Fees (Inc running costs) 0.23% OCF 1.42%
Contact	Tom Milnes 0207 036 4126 tom@cernocapital.com

Fund Codes

	ISIN:	SEDOL:	Bloomberg:
B Acc	GB00BCZXTM29	BCZXTM2	TMCESBA LN
B Inc	GB00BCZXTL12	BCZXTL1	TMCESBI LN

Fund & Risk Ratings



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