

## Cerno Select (Dublin)

Cerno Investment Funds ICAV (Class A)

June 2020



### Monthly Report

The World Equity Index (MSCI AC World GBP) rose 2.7% to cap off a remarkable quarter of recovery in which that equity index rose 19.8%. Emerging markets were to the fore in the month of June, outperforming developed markets. UK equity indices underperformed the rest of Europe by a wide margin.

The portfolio rose by 2.6% in June. 20 of the 24 constituents of the Global Leaders holdings made positive contributions on the month led by Microsoft, ASML and Atlas Copco. The largest faller was Zimmer Biomet which was impacted by the surge in coronavirus cases in the US which is having the effect of pushing back capacity for elective surgical procedures. Allocations to early stage technologies held via Ballie Gifford and China via Matthews were positive on the month and significant sources of return in the first half. We saw a little cooling off on the share prices of listed property and infrastructure companies held in the portfolio which have had a very good run. Gold was positive on the month and the Hipgnosis Music Fund's share price responded positively to an upgraded Net Asset Value, partly based on recent acquisitions.

During the first half of the year, your managers have been very busy assessing both the short and long term impacts of this crisis and performing housekeeping on the portfolio. This has not entailed any radical change in direction in position holdings or asset class weights. Two manager allocations that were in trim mode left the portfolio: the Indian allocation and the residual ownership of SME Credit Realisation Fund. We reported previously that 4 US companies were removed from the Global Leaders allocation and capital recycled to the remaining 24 positions. Of the 4 that were removed, 3 have underperformed the blended whole in the subsequent period so that action added some value overall.

At the time of writing, we are commencing the reporting season for 2Q results which, for most companies, spans the April to June period. Given the coronavirus was declared a global pandemic by the WHO on 11th March, we will have first clear sight of operating data across all global sectors. The rally that has unfolded has raised most boats but it is the hard operating data, especially on margins which is of most interest. We already know that turnover is greatly affected across the bulk of sectors but it is the specific industry and company dynamics, viewed through margins, that will be of greatest import and go some way to firming views on where relative pricing power exists.

*James Spence*

### Fund Managers



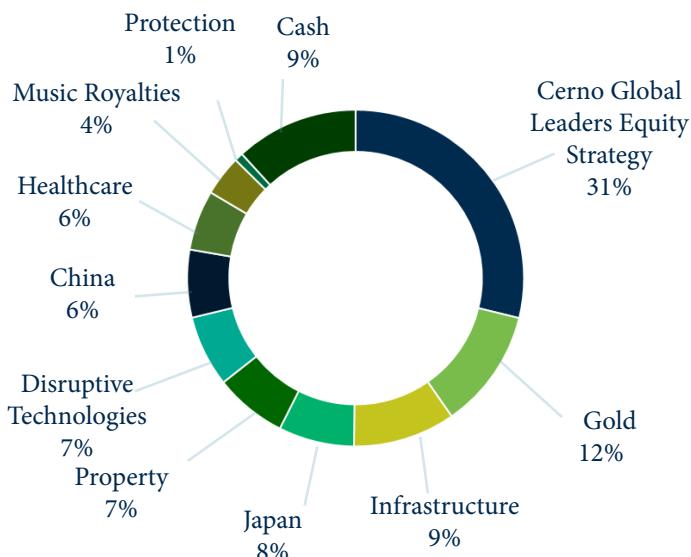
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# CERNO CAPITAL

## Allocation by Theme



## Top Equity Holdings

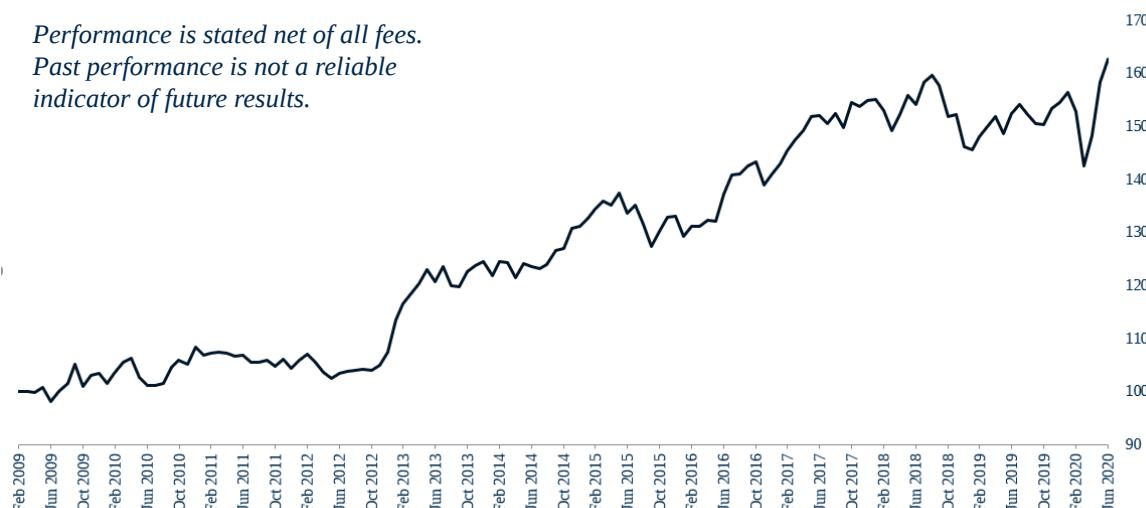
Cerno Global Leaders Equity Strategy	30.6%
iShares Core MSCI Japan	8.4%
Baillie Gifford Global Discovery	7.1%
Matthews China Small Companies	6.3%
BB Healthcare	5.9%

## Top Non-Equity Holdings

Wisdomtree Physical Gold	9.1%
HICL Infrastructure	5.9%
Hipgnosis Songs	4.0%
LXI REIT	3.7%
Sequoia Infrastructure	3.5%

## Performance Since Inception

*Performance is stated net of all fees.  
Past performance is not a reliable  
indicator of future results.*



## Performance

Year ended	June 20	June 19	June 18	June 17	June 16
Performance	6.6%	-1.1%	1.4%	10.8%	2.7%

## Monthly Table

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2020</b>	1.3%	(2.4%)	(6.7%)	4.0%	6.8%	2.6%							5.2%
<b>2019</b>	(0.4%)	1.7%	1.3%	1.3%	(2.1%)	2.5%	1.1%	(1.3%)	(1.1%)	(0.1%)	2.0%	0.7%	5.8%
<b>2018</b>	0.1%	(1.3%)	(2.5%)	2.0%	2.4%	(1.1%)	2.7%	0.8%	(1.2%)	(3.8%)	0.3%	(3.8%)	(5.8%)
<b>2017</b>	1.4%	1.8%	1.3%	1.3%	1.7%	(0.6%)	(1.0%)	1.2%	(1.7%)	3.1%	(0.5%)	0.8%	9.8%
<b>2016</b>	(2.8%)	1.5%	0.0%	0.9%	(0.2%)	3.8%	2.7%	0.1%	1.1%	0.5%	(3.0%)	1.5%	6.1%
<b>2015</b>	1.1%	1.3%	1.1%	(0.5%)	1.6%	(2.7%)	1.2%	(2.7%)	(3.3%)	2.4%	2.0%	0.1%	1.4%
<b>2014</b>	(2.2%)	2.2%	(0.1%)	(2.3%)	2.4%	0.4%	0.3%	0.7%	2.1%	0.2%	3.0%	0.3%	5.4%
<b>2013</b>	5.6%	2.7%	1.7%	1.5%	2.2%	(1.7%)	2.3%	(2.9%)	(0.1%)	2.3%	0.9%	0.6%	15.8%
<b>2012</b>	1.5%	1.0%	(0.3%)	(1.0%)	1.1%	(1.5%)	0.5%	0.1%	0.2%	(0.2%)	0.9%	2.4%	3.0%
<b>2011</b>	(1.5%)	0.4%	0.1%	(0.2%)	(0.5%)	0.2%	(1.2%)	0.0%	0.2%	(0.1%)	1.1%	(1.5%)	(3.7%)

# CERNO CAPITAL

## Fund Data

NAV/Share Class A	£10.70
Fund Size (£mn)	£25.9mn
Currency Share Class	GBP (Base)
Administrator	Maples Fund Services (Ireland) Limited
Fund Custodian	Sumitomo Mitsui Trust (UK) Limited
Fund Legal Structure	ICAV
Inception Date - Fund	February 2009
Ongoing Charges	Management Fee 1.00% Allocated manager's Fees 0.21% Other Fees (Inc running costs) 1.04% OCF 2.25%
Contact	Tom Milnes 0207 036 4126 tom@cernocapital.com

## Fund Codes

	ISIN:	SEDOL:	Bloomberg:
A Acc	IE00BDFBSX70	BDFBSX7	KBACUAG
B Acc	IE00BDFBSY87	BDFBSY8	KBACUBG
C Acc (EUR)	IE00BDFBSZ94	BDFBSZ9	-
D Acc (USD)	IE00BDFBT015	BDFBT01	KBACUDU
E Acc (USD)	IE00BFZ90732	BFZ9073	KBACUEU



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