

## TM Cerno Select

UCITS Multi Asset Class Portfolio (Class B)

October 2020



### Monthly Report

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Equity markets corrected in October, having run strongly since March. Some of the leading growth Technology names fell during the month, even during what were generally robust operating results. Part of the explanation lies in some defensive positioning ahead of the US election, valuations are also becoming a constraint and the renewed vigour of the coronavirus was also a factor.

At the time of writing, the US election result has been called, called if not accepted and markets have been moving fast to price what they believe will be a Democratic Presidency and a Republican majority Senate. Financial markets tend to like this type of schism as it blunts nascent radicalism and therefore creates a sense of greater certainty.

Modest losses in the month were recorded in most segments of the portfolio. Within, it was noticeable how well Asian names held up and the continued poor performance of European shares.

During the month one position left the portfolio and two new positions were added.

Ansys was sold within the Global Leaders allocation. Ansys provides a wide array of prototyping services to a wide array of technologies. This remains a business we very much like but its valuation has expanded to a level that we find hard to justify. Whilst we like to give our holdings plenty of rope with respect to their valuations, there are times where we will take a “time out”.

Aptiv was added within the Global Leaders allocation. This US company was formed as a result of the split of Delphi into two in 2017. Aptiv supplies the “brains” to modern motor vehicles: data and electrical systems, safety, security and electronics. As we move progressively beyond the predominant internal combustion framework for vehicles and powertrains become simpler the value share of the rest is likely to grow as the car market becomes a battle of features. Aptiv is a global leader as evidenced by the fact that it

supplies 19 of the 20 largest selling US models, 18/20 in Europe and 14/20 in China.

The second position added was the investment trust SDCL Energy Efficiency Income Trust (SDCL). As the name suggests, the management of this trust have assembled a diverse array of income generating investments across the world in the growing field of energy efficiency. Investments range across combined heat and power, commercial solar installation and operation, heating and lighting operations for large, energy intensive businesses. The common factor in its investments is in delivering lower consumption at lower cost without reliance on subsidies.

The announcement of the first prospective vaccine has erased October’s falls and we anticipate new highs in many asset markets as the year draws to a close.

*James Spence*

### Fund Managers

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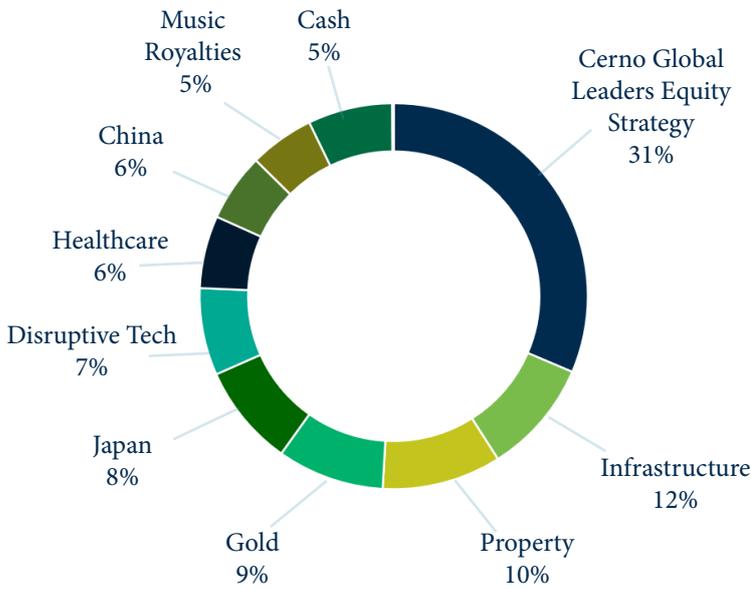
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# CERNO CAPITAL

## Allocation by Theme



## Top Equity Holdings

Cerno Global Leaders Equity Strategy	31.0%
iShares Core MSCI Japan	8.4%
Baillie Gifford Global Discovery	7.3%
BB Healthcare	6.1%
Matthews China Small Companies	5.8%

## Top Non-Equity Holdings

HICL Infrastructure	5.9%
Hipgnosis Songs	5.5%
Wisdomtree Physical Gold	5.0%
Warehouse REIT	4.3%
Sequoia Infrastructure	4.0%

## Performance Since Inception



## Performance

Year ended	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16
Performance	11.6%	0.9%	-1.8%	5.6%	9.9%

## Monthly Table

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	1.6%	(2.1%)	(6.4%)	5.6%	6.2%	2.5%	0.7%	1.3%	0.7%	(1.2%)			8.4%
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%

# CERNO CAPITAL

## Fund Data

NAV/Share Class (Acc)	£14.46
Fund Size (£mn)	£110mn
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 0.11% Other Fees (Inc running costs) 0.19% OCF 1.30%
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



**CERNO CAPITAL  
PARTNERS LLP**  
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