

Cerno Select (Dublin)

Cerno Investment Funds ICAV (Class A)

December 2020



Monthly Report

December saw financial markets rise strongly to end the year with a standout quarter. The 15% return from the World Equity index experienced in the fourth quarter represents the gain for the index for the whole year. 2020 will be etched on minds for years to come.

The strength in financial assets in 2020 was aided by the swift action of authorities early in the year to provide stimulus which underpinned the credit standing of thousands of US businesses. One of the discoveries of the pandemic has been to unpack the potential of digital economies to transform day to day practices. The impact on markets is clear – businesses and industries which are on an uptrend have seen share prices soar meanwhile areas deemed to be out of date or those that require injections of capital to transform have been left behind. Within this rubble, opportunity will reside, and a part of the fund's newer allocations is via smaller company and Value style Exchange Traded Funds.

The Fund's NAV appreciated by 3.0% in December. Equity holdings have been the primary driver of performance this year. Global Leader companies have contributed considerably to the calendar year return of 15.7%, by virtue of exposure to growing markets, strong balance sheets and demand profiles which have in many cases been enhanced by digital trends. Thematic allocations to innovative businesses globally, and specifically in China and the Healthcare sector have also been helpful, while the allocation to Japanese equity has been marginally positive and one of the attractions of Japan is that the thesis for so doing straddles both the growth and value themes.

The allocation to Steady Return assets across Infrastructure, Property and Music Royalty markets has in aggregate been exactly that – steady. Dividends have been paid and asset values have been held. As we move into the new year, dividend growth is being re-established.

With fixed income markets offering so little, the fund strikes a balance between long term growth assets in the form of equities and the sure-footed characteristics of Steady Return assets with further cushioning provided by cash and Gold. At the aggregate level, financial market prices have risen while profits have fallen, and this equation translates into higher valuations. While markets can certainly move upwards as policy remains stimulative, growth recovers and vaccination programs move forward apace, today's valuations mean a lower probability of high returns in the future. With this in mind, winners have been trimmed to keep allocations consistent with objectives.

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Fund Managers



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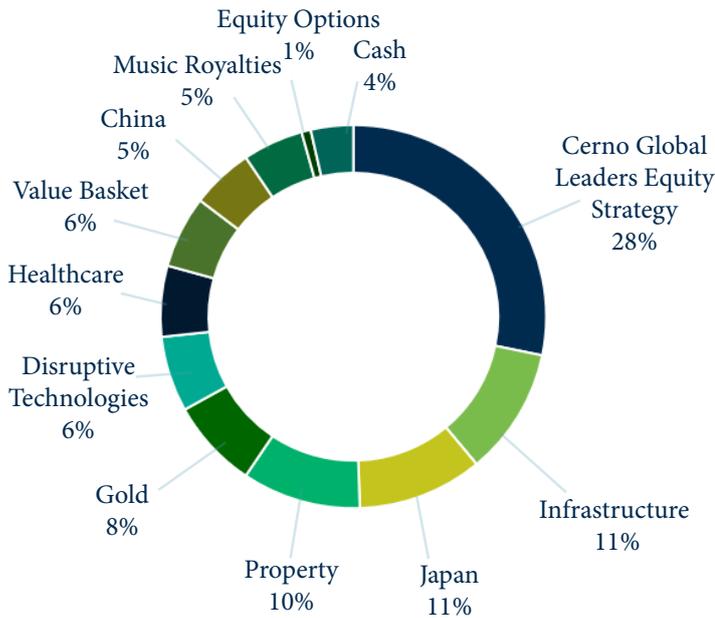


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Allocation by Theme



Top Equity Holdings

Cerno Global Leaders Equity Strategy	29.1%
iShares Core MSCI Japan	7.6%
Baillie Gifford Global Discovery	6.4%
BB Healthcare	6.1%
Matthews China Small Companies	5.3%

Top Non-Equity Holdings

Hipgnosis Songs	5.1%
HICL Infrastructure	5.0%
Warehouse REIT	4.4%
Wisdomtree Physical Gold	4.2%
Sequoia Infrastructure	4.0%

Performance Since Inception



Performance

Year ended	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16
Net Performance	15.7%	5.8%	-5.7%	9.8%	6.1%

Monthly Table (Net)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	1.3%	(2.4%)	(6.7%)	4.0%	6.8%	2.6%	0.0%	1.3%	1.1%	(1.4%)	5.8%	3.0%	15.7%
2019	(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%
2018	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%)
2017	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%
2016	(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%
2015	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%
2014	(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%
2013	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%
2012	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%
2011	(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%)

Source: Cerno Capital

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Fund Data

NAV/Share Class A	£11.75
Fund Size (£mn)	£27.6mn
Currency Share Class	GBP (Base)
Administrator	Maples Fund Services (Ireland) Limited
Fund Custodian	Sumitomo Mitsui Trust (UK) Limited
Auditor	Grant Thornton
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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