

Cerno Select (Dublin)

Cerno Investment Funds ICAV (Class A)

March 2021



Monthly Report

While the substantial percentage rise in core long term interest rates over the first quarter of the year will have delivered capital losses for owners of those bonds, we observe other, positive developments within financial markets.

The global vaccination roll-out is helping markets to look forward to the removal of restrictions on movement and economic activity. Analysts at UBS have estimated that China is on track to vaccinate 48% of its population by year end with the fastest daily vaccination pace of 4.4 million people per day which compares with the USA in second place on 2.7 million per day. Closer to home, the UK leads in delivery of first injections with 40% of the population having received a first injection and a further 5% considered fully vaccinated.

Equity markets posted positive returns for the month and quarter with the composition of returns demonstrating shifting stock market preferences. The strongest sectors of last year, Technology and Consumer Discretionary posted modest gains while Energy and Financial stocks performed strongly. Such a broadening out of returns across sectors is a healthy development as it signals opportunity across a greater proportion of economic activity.

The Fund's NAV made modest progress over the month and quarter. Returns across equity holdings reflected changing market preferences. Long-term growth focused holdings such as allocations to technologically advanced smaller companies in the Matthews China Smaller Companies Fund and innovative businesses within the Baillie Gifford Global Discovery strategy giving up some of the outsized gains made last year. Meanwhile the index trackers added to benefit from the recovery of the value style made a positive contribution as did the allocation to Global Leaders by dint of greater diversity offered by this grouping of long-term growth-oriented businesses alongside established profitability.

While rising bond yields provide a short-term headwind to steady return assets, the strong underlying fundamentals of these holdings resulted in a positive contribution. A holding in the Digital 9 Infrastructure Fund has been purchased. This provides exposure to economically crucial infrastructure such as under-sea data cables and data centres. Demand to use these assets is strong with the unceasing digitisation of economies. By providing reliable data transfer infrastructure, the fund attracts regular payments from the technology giants alongside other communications businesses.

We continue to observe instances of speculative activity in markets and when coupled with aggregate valuations which remain stretched, we retain a degree of caution with regards to the sizing of allocations and incorporate some level of protection against stress. This caution has moderated the portfolio's return in the first quarter and will likely remain the case should markets continue to run hard. Meanwhile we continue to rotate the portfolio towards pockets of opportunity provided by both digitisation and recovery.

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Fund Managers



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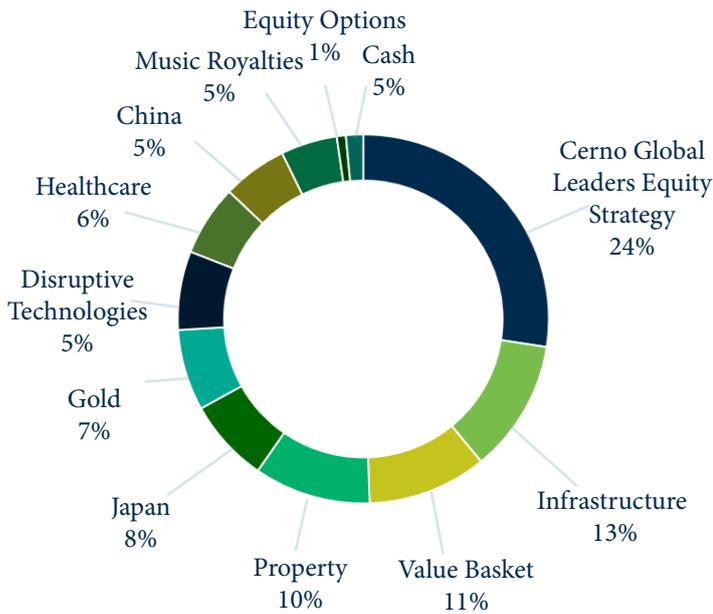
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Allocation by Theme



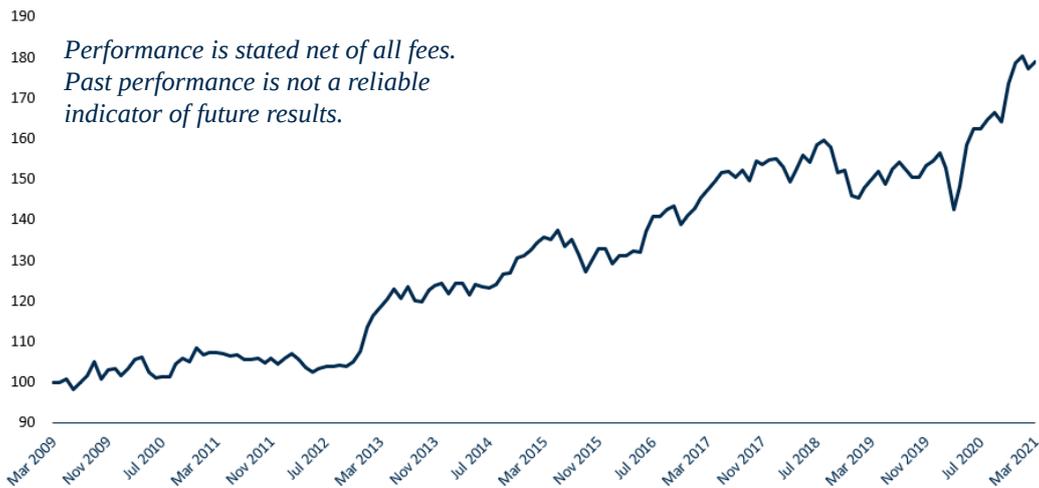
Top Equity Holdings

Cerno Global Leaders Equity Strategy	24.1%
BB Healthcare	6.0%
Matthews China Small Companies	5.1%
iShares Core MSCI Japan	5.1%
Baillie Gifford Global Discovery	4.8%

Top Non-Equity Holdings

Hipgnosis Songs	4.9%
HICL Infrastructure	4.0%
LXI REIT	4.0%
Warehouse REIT	3.9%
Sequoia Infrastructure	3.8%

Performance Since Inception



Performance

Year ended	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17
Net Performance	25.5%	-4.9%	0.4%	1.2%	12.3%

Monthly Table (Net)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	0.9%	(1.7%)	1.0%										0.2%
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%

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Fund Data

NAV/Share Class A	£11.77
Fund Size (£mn)	£56.3mn
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) 0.91% OCF 2.12%
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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