

CERNO *Select* (Dublin)

Cerno Investment Funds ICAV (Class A)

AUGUST 2021

Monthly Report

Financial markets generally performed well in the month of August. The MSCI World equity index rose by 3.5% in sterling terms. Equity markets in the US remained buoyant. With the exception of Gold, commodities were weak – declining input costs will feature in market participant assessment of likely inflation outcomes. Foreign exchange markets were calm with sterling holding on to the recovery made year to date against the yen, Swiss franc and dollar.

The fund rose by 1.9% over the month with all major segments of the portfolio offering positive returns. Equity contributions from Global Leader companies were helpful. Companies exposed to industries where demand is currently outstripping supply showed particular strength: for example, ASML, the manufacturer of microchip printing machines and Shimano, the bicycle component maker. The selection of index trackers delivering exposure to recovery in valuations performed strongly notwithstanding the generalised outperformance of growth style indices over value. This supports our approach of emphasising a broader array of exposures than simple value versus growth, for example, the allocation to UK mid-caps, represented by the FTSE 250 Index has gained momentum as constituents reinstate dividends which were postponed or reduced during 2020. Small and midcap equity index exposure in the US and Europe has also been helpful.

The Japanese equity allocation has not been a highlight in 2021. August was a better month and the impending change in leadership of the LDP as a consequence of Prime Minister Suga's announced resignation has been taken positively in the near term, the assumption being that his replacement will enhance the probability of LDP remaining in power and therefore continuation of policies which favour corporate reform and general spending.

Fund Data

NAV/Share (Class A Acc)	£12.62
Fund Size (£mn)	60
Currency Share Class	GBP (Base)
Investment Management Charge	1.00%
Ongoing Charges Figure	1.88%*
Dealing Frequency	Daily
Legal Structure	OEIC (UCITS)
Co-Managers	Fergus Shaw & James Spence
Inception Date Fund	2009

*OCF includes the Investment Management Charge and is calculated annually on figures to the 31st December

Steady Return holdings were uniformly helpful in August. Property holdings again led the way with both Long Lease specialist LXi and logistics specialist Warehouse REIT continuing to operate in areas of high demand. Both management teams have shown discipline when acquiring new properties which we view as critical when a sub-asset class is in vogue. Infrastructure remains an attractive asset class given the requirement to upgrade and build new assets globally. The fund's exposures in this sector have improved in diversity over the last year. Holdings such as the SDCL Energy Efficiency Trust and Digital 9 Infrastructure Company have identified pipelines of investment opportunity which provides a runway for growth in both asset value and income, and we are supportive of the respective management teams.

The Fund is well invested across a highly diverse set of assets. There are many competing forces at play across markets which can cause one to retreat and wait for greater clarity, for example the well flagged increase in the cost of transporting goods around the global economy. We have multiple ways of assessing these with our general preference being to draw out trends on a bottom-up basis from our invested companies and candidate lists. Our challenge is to allow the Fund to benefit from the underlying quality of investments while remaining alert to near term bottlenecks that may or may not prove transitory.



FERGUS SHAW



JAMES SPENCE



FUND FACTS

Allocation by Theme

- Global Leaders Equity Strategy - 24%
- Infrastructure - 15%
- Value Recovery - 12%
- Property - 10%
- Japan - 7%
- Gold - 7%
- Healthcare - 6%
- Disruptive Technologies - 6%
- China - 5%
- Music Royalties - 4%
- Protection - 1%
- Cash - 2%



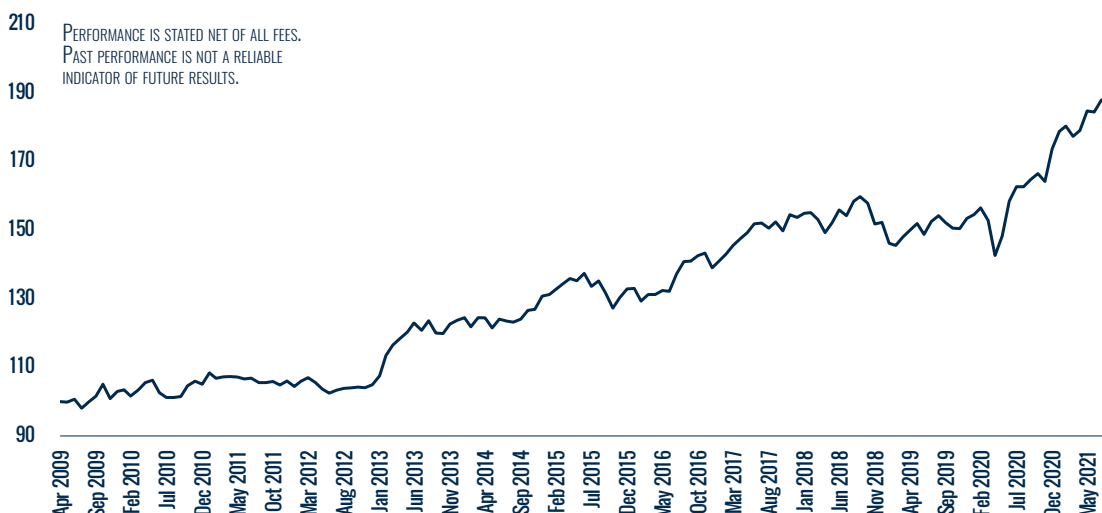
Top Equity Holdings

Cerno Global Leaders Equity Strategy	24.3%
BB Healthcare	5.9%
Matthews China Small Companies	5.0%
iShares Core MSCI Japan	4.6%
Baillie Gifford Global Discovery	4.6%

Top Non-Equity Holdings

Warehouse REIT	4.4%
Hipgnosis Songs	4.4%
Digital 9 Infrastructure	4.2%
Sequoia Infrastructure	4.1%
LXI REIT	4.0%

Performance Since Inception



Monthly Table (Net)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2021	0.9%	(1.7%)	1.0%	3.2%	(0.2%)	1.9%	0.3%	1.9%					7.4%
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%

Performance

Year Ended	August 2021	August 2020	August 2019	August 2018	August 2017
Net Performance	+16.5%	+8.2%	-4.7%	+4.8%	+8.1%

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

Key Fund Information

NAV/Share Class (Acc)	£12.62
Fund Size (£mn)	60
Currency	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
Key Fund Documents	cernocapital.com/cerno-select-dublin
Ongoing Charges - Class A (incl. Management Fee)	Management Fee 1.00% Allocated manager's Fees 0.21% Other Fees (incl. running costs) 0.67% OCF 1.88%
Contact	Tom Milnes 020 7036 4126 tom@cernocapital.com

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