

CERNO *Select* (Dublin)

Cerno Investment Funds ICAV (Class A)

MAY 2024

Monthly Report

The Fund fell by 0.2% in May.

Equity markets were generally well supported during the month with some weakness noted towards month end which will encourage use of the “sell in May” adage. Meanwhile the dollar eased against most currencies which will reduce the base currency return of internationally orientated portfolios, such as our own.

The equity allocation is displaying greater dispersion of returns demonstrating the high level of diversity among the holdings. A significant contribution came from the allocation to UK Equities.

The holding in UK equity has been built to 10% of NAV via allocations to both the FTSE 100 and 250 indices via trackers alongside the Aberforth Smaller Companies and Mercantile investment trusts. The calling of a general election in the UK may prompt international investors to review allocations to an equity market which has until recently been a serial underperformer. While the valuation of the UK equity market has signalled opportunity for some time, the long term performance of the market, changes to its structure and its ability to function as a capital market have prompted widespread commentary and at the very least a recognition of the need for change. The prospect of a fresh government with a healthy majority is potentially helpful for ongoing reform to revitalise our listed capital market.

Since the heady days of March 2000, the FTSE 100 index has delivered a capital return of just 1 percent per annum a disappointing outcome albeit one that excludes dividend reinvestment. The FTSE 250 has returned 4.9% per annum in capital terms over the same period representing a satisfactory outcome particularly once dividends are considered. The start date is chosen to coincide approximately with the introduction of an accounting standard, FRS17, that required companies to bring defined benefit pension scheme deficit or surplus onto balance sheets. This triggered a derisking process which saw the UK pension system reduce equities in general and UK equity in particular. This process is largely complete, thereby ending one source of selling pressure in the market.

Fund Data

NAV/Share (Class A Acc)	£10.12
Fund Size (£mn)	26.3
Currency Share Class	GBP (Base)
Investment Management Charge	1.00%
Ongoing Charges Figure	1.52%*
Dealing Frequency	Daily
Legal Structure	OEIC (UCITS)
Co-Managers	Fergus Shaw & Michael Flitton
Inception Date Fund	2009

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

The number of listed companies on the London Stock Exchange might be viewed as an indicator of its ability to act as a supplier of capital. At the last count, there were 1908 listed companies on the LSE which compares with 3245 at the start of 2007. While there are a number of reasons for this change, the lower valuation applied to earnings generally for UK listings when compared to some overseas markets has resulted in a rejection of London when it comes to initial public offerings, particularly in the vibrant technology sector. Private Equity investors require an exit and it would appear that London doesn't cut it as an exit destination today.

The challenges faced by the UK equity market are broadly recognised. There is growing evidence that our authorities are alert and taking the first steps to address some of them – the British ISA may not be the solution, but it may form one piece of a jigsaw. Meanwhile overseas capital is alert to the opportunity to buy or merge with UK listings and we see target businesses behaving robustly to secure shareholder value. For examples, we saw insurer Direct Line, electrical retailer Currys and investment platform Hargreaves Lansdown all rebuffing overseas approaches and AI security software company Darktrace has been bought by private equity firm Thoma Bravo for a 44% premium. Meanwhile Mars had to pay a 174% premium to acquire Hotel Chocolat. Thus we see signs of the opportunity present in UK equities being acknowledged and acted upon which supports a broad based allocation.

Away from equity, the Gold allocation was helpful and some profit was taken while the broad exposure to Commodities via the Pimco Commodities Fund and the Baker Steel Electrum Fund was gently increased. The exposure to supply constrained areas such as copper has good potential given the demand trends created by electrification and infrastructure built out generally.

Economies might be said to have exceeded expectation, particularly in the US while in Europe weakness has been managed. A shift to a higher base level of interest rates appears to be advanced and this provides a range of investment opportunities that allows core holdings such as high quality global equity to be complemented by increased exposure to areas where the outlook is improving and valuation is attractive.



FERGUS SHAW

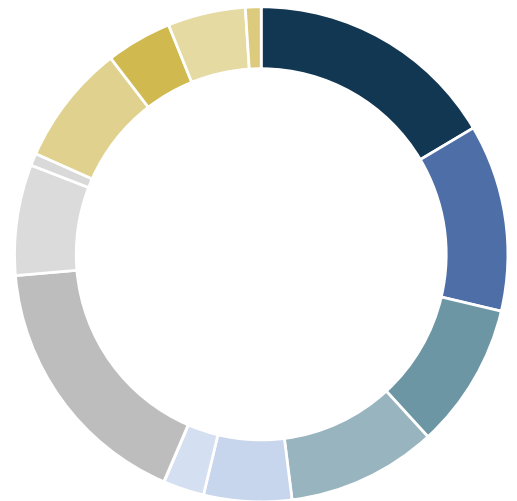


MICHAEL FLITTON

FUND FACTS

Allocation by Theme

- Global Leaders Equity Strategy - 16%
- Japan - 12%
- UK Equity - 9%
- Active Value Basket - 10%
- Emerging Market Equity - 6%
- Technology - 3%
- Put Options - 0%
- Fixed Income - 17%
- Liquidity Fund- 7%
- Cash - 1%
- Gold - 8%
- Property - 4%
- Commodities - 5%
- Infrastructure - 1%



Top Equity Holdings

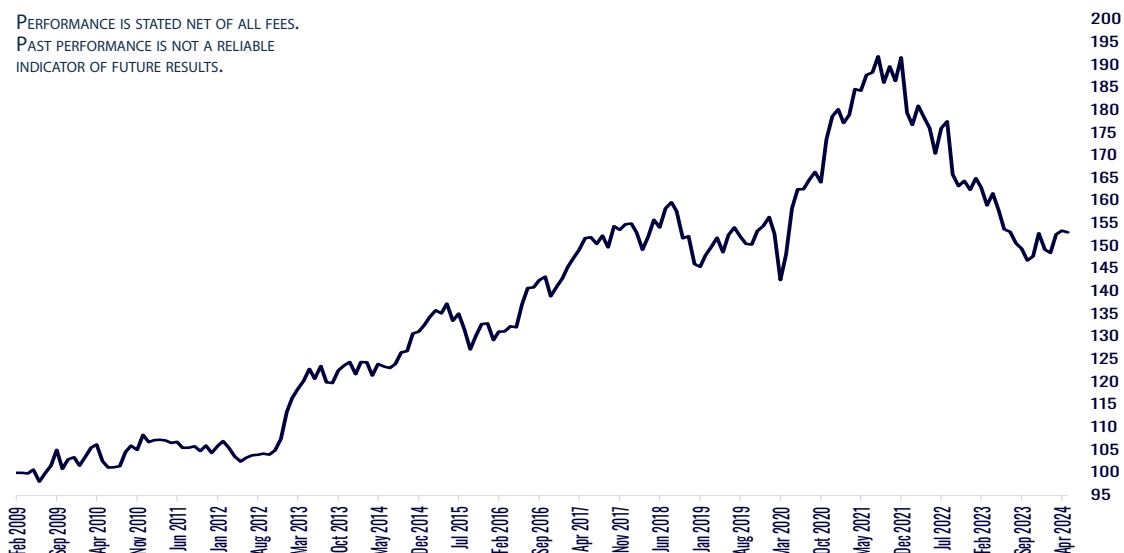
iShares MSCI EM ex China ETF	5.8%
Landsdown Developed Market	5.2%
Vanguard FTSE 100 UCITS	4.7%
Zennor Japan Fund	4.6%
iShares MSCI Japan	4.3%

Top Non-Equity Holdings

iShares Physical Gold	7.9%
Blackrock USD Liquidity	7.2%
UK Gilt 2028	4.9%
Astisan Emerging Markets Debt	4.8%
UK Gilts 2027	3.3%

Performance Since Inception

PERFORMANCE IS STATED NET OF ALL FEES.
PAST PERFORMANCE IS NOT A RELIABLE
INDICATOR OF FUTURE RESULTS.



Monthly Table (Net)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2024	(2.3%)	(0.5%)	2.8%	0.5%	(0.2%)								0.1%
2023	1.6%	(1.2%)	(2.4%)	1.7%	(2.3%)	(2.6%)	(0.4%)	(1.7%)	(0.8%)	(1.7%)	0.6%	4.0%	(5.9%)
2022	(6.4%)	(1.5%)	2.4%	(1.4%)	(1.3%)	(3.2%)	3.3%	0.9%	(6.6%)	(1.5%)	0.7%	(1.2%)	(14.2%)
2021	0.9%	(1.7%)	1.0%	3.2%	(0.2%)	1.9%	0.3%	1.9%	(3.0%)	1.9%	(1.7%)	2.8%	7.3%
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%

Performance

Year Ended	May 2024	May 2023	May 2022	May 2021	May 2020
Net Performance	-3.1%	-10.3%	-4.5%	+16.4%	+6.5%

Fund Codes

	ISIN:	SEDOL:	Bloomberg:
A Acc	IE00BDFBSX70	BDFBSX7	KBACUAG
B Acc	IE00BDFBSY87	BDFBSY8	KBACUBG
C Acc (EUR)	IE00BDFBSZ94	BDFBSZ9	-
D Acc (USD)	IE00BDFBTO15	BDFBTO1	KBACUDU
E Acc (USD)	IE00BFZ90732	BFZ9073	KBACUEU

Key Fund Information

NAV/Share Class (Acc)	£10.12
Fund Size (£mn)	26.3
Currency	GBP (Base)
Administrator	Northern Trust International Fund Administration
Fund Depository	Northern Trust Fiduciary Services
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 0.10% Other Fees (incl. running costs) 0.42% OCF 1.52%
Contact	Tom Milnes 020 7036 4126 tom@cernocapital.com

Disclaimer: CERNO SELECT (Dublin) (the "Fund"), which is a sub fund of the Cerno Investment Funds ICAV, is organised under the laws of the Republic of Ireland and qualifying as an undertaking for collective investment in transferable securities ("UCITS") under Directive 85/611/EEC (as amended) and is regulated by the Central Bank of Ireland. This document is issued by CERNO CAPITAL PARTNERS LLP and is for private circulation only. CERNO CAPITAL is authorised and regulated by the Financial Conduct Authority in the United Kingdom. The information contained in this document is strictly confidential and does not constitute an offer to sell or the solicitation of any offer to buy any securities and or derivatives and may not be reproduced, distributed or published by any recipient for any purpose without the prior written consent of CERNO CAPITAL PARTNERS LLP. The value of investments and any income generated may go down as well as up and is not guaranteed. You may not get back the amount originally invested. Past performance is not necessarily a guide to future performance. Changes in exchange rates may have an adverse effect on the value, price or income of investments. There are also additional risks associated with investments in emerging or developing markets. The information and opinions contained in this document are for background purposes only, and do not purport to be full or complete. Nor does this document constitute investment advice. No representation, warranty, or undertaking, express or limited, is given as to the accuracy or completeness of the information or opinions contained in this document by CERNO CAPITAL PARTNERS LLP, its partners or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinion. As such, no reliance may be placed for any purpose on the information and opinions contained in this document.