

Monthly Report

The Fund's NAV rose by 0.2% in June.

During the month, US data appeared to confirm that a broad-based disinflationary trend remains in place. Markets had begun to fret on the potential for inflation to misbehave, remaining high and potentially requiring renewed tightening from central banks. That possibility, for now at least, appears unlikely. However, we remain open-minded. It is still an open question whether inflation will retreat at the pace required for central banks to deliver on reducing rates at the cadence expected by investors. Should inflation remain stubborn in its descent then asset prices may enter a more challenging phase.

Bond yields declined over the period in reaction to softer economic data out of developed markets. The US dollar appreciated despite lower yields as investors sought safety in the context of political risk emerging out of the UK and Europe. Global equities continued to climb, rising 2.8% in Sterling terms, supported by lower discount rates. Performance was once again led by large cap technology businesses in the US where the Nasdaq rose 7% during June.

Equities contributed 0.5% to portfolio performance led by allocations to emerging markets and the Cerno Global Leaders strategy. The equity allocation within Select is biased towards areas where we believe valuations offer a significant margin of safety. This proved to be a relative headwind during the quarter as the value style underperformed growth style by almost 8pp. As set out by Fergus Shaw in a recent journal ([link](#)), it remains our conviction that exploiting the extreme valuation divergence within markets presents a rich opportunity set for the year ahead.

IQVIA was a new addition to the Global Leaders portfolio during the month. IQVIA was established by a merger in 2016 of Quintiles, the leading provider of late-stage contract research, and IMS the dominant player in healthcare data and analytics. It is the largest contract research organisation by revenue in the world and provides end-to-end clinical trial outsourcing services, along with industry leading technology and data solutions.

Fund Data

NAV/Share (Class C Acc)	£14.31
Fund Size (£mn)	64.9
Currency Share Class	GBP (Base)
Investment Management Charge	0.75%
Ongoing Charges Figure	1.13%*
Dealing Frequency	Daily
Legal Structure	OEIC (UCITS)
Co-Managers	Fergus Shaw & Michael Flitton
Inception Date Fund	2013

*OCF includes the Investment Management Charge

Fixed income offered some return as prices rose on declining rate expectations. This piece of the portfolio added 0.3% to returns.

Alternative assets were sluggish, detracting 0.3%. Gold has taken a breather after a rapid ascent in the first few months of the year. The broader commodity complex was also soft, particularly amongst grains and industrial metals. We hold exposure to these markets via a broadly diversified portfolio of both commodities and commodity producers. Together these represent almost 7% of the strategy.

The macroeconomic picture remains murky. The concentration of market returns in a small, select group of companies against such a backdrop suggests a fragile environment for equities. The prudent approach, in our view, is to maintain a well-diversified spread of assets at attractive valuations.



FERGUS SHAW



MICHAEL FLITTON

FUND FACTS

Allocation by Theme

- Global Leaders Equity Strategy - 17%
- Active Value Basket - 11%
- Emerging Market Equity - 6%
- Japan - 9%
- UK Equity - 9%
- Technology - 4%
- Fixed Income - 18%
- Cash - 4%
- Gold - 9%
- Property - 5%
- Commodities - 7%
- Infrastructure - 1%



Top Equity Holdings

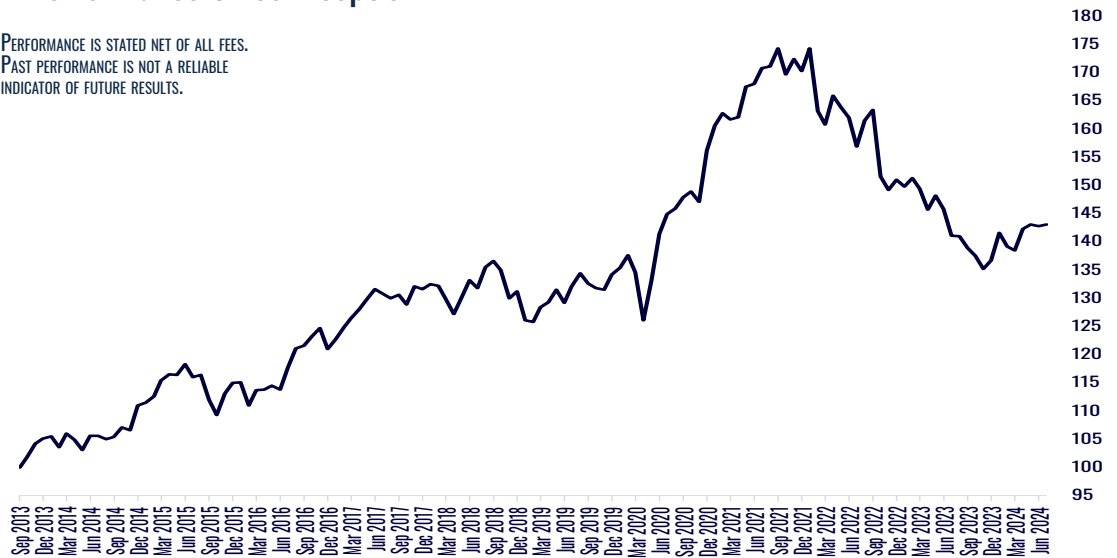
iShares MSCI EM ex China ETF	6.2%
Zennor Japan Fund	5.3%
Landsdowne Developed Market	4.8%
Vanguard FTSE 100 UCITS	4.5%
Chikara Japan Inc and Growth	4.1%

Top Non-Equity Holdings

iShares Physical Gold	9.1%
UK Gilt 2027	4.8%
Artisan Emerging Markets Debt	4.4%
Pimco Global Investor Commodities	4.3%
UK Gilts 2028	3.6%

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	(1.7%)	(0.5%)	2.7%	0.6%	(0.2%)	0.2%							1.1%
2023	0.9%	(1.3%)	(2.5%)	1.7%	(1.6%)	(3.3%)	(0.1%)	(1.5%)	(1.0%)	(1.6%)	1.1%	3.6%	(5.5%)
2022	(6.4%)	(1.4%)	3.1%	(1.2%)	(1.1%)	(3.1%)	2.9%	1.2%	(7.3%)	(1.5%)	1.2%	(0.8%)	(14.1%)
2021	1.4%	(0.7%)	0.2%	3.3%	0.3%	1.7%	0.2%	1.9%	(2.7%)	1.6%	(1.2%)	2.3%	8.6%
2020	1.6%	(2.1%)	(6.4%)	5.6%	6.2%	2.5%	0.7%	1.3%	0.7%	(1.2%)	6.2%	2.8%	18.6%
2019	(0.3%)	2.1%	0.7%	1.7%	(1.7%)	2.2%	1.7%	(1.3%)	(0.6%)	(0.2%)	2.0%	0.9%	7.4%
2018	(0.2%)	(1.7%)	(2.1%)	2.3%	2.4%	(1.0%)	2.7%	0.8%	(1.1%)	(3.7%)	0.9%	(3.8%)	(4.8%)
2017	1.7%	1.3%	1.3%	1.3%	1.5%	(0.6%)	(0.6%)	0.5%	(1.3%)	2.5%	(0.4%)	0.7%	8.0%
2016	(3.6%)	2.4%	0.1%	0.6%	(0.6%)	3.4%	2.9%	0.5%	1.3%	1.2%	(3.0%)	1.4%	6.6%
2015	1.0%	2.5%	1.0%	(0.1%)	1.6%	(1.9%)	0.3%	(3.8%)	(2.4%)	3.5%	1.7%	0.1%	3.2%
2014	(1.8%)	2.3%	(1.0%)	(1.7%)	2.4%	(0.0%)	(0.6%)	0.4%	1.6%	(0.5%)	4.1%	0.5%	5.7%
2013	-	-	-	-	-	-	-	-	1.9%	2.3%	0.9%	0.4%	5.4%

Performance

Year Ended	June 2024	June 2023	June 2022	June 2021	June 2020
Net Performance	+1.4%	-10.1%	-8.1%	+17.9%	+9.7%

Fund Codes

	ISIN:	SEDOL:	Bloomberg:
C Acc	GB00BCZXP59	BCZXP5	TMCESCA LN
C Inc	GB00BCZXTN36	BCZXTN3	TMCESCI LN

Key Fund Information

NAV/Share Class (Acc)	£14.31
Fund Size (£mn)	64.9
Currency	GBP (Base)
Authorised Corporate Director	Thesis Unit Trust Management (Authorised and regulated by FCA) Exchange Building St John's Street, Chichester, West Sussex PO9 1UP
Fund Custodian	The Northern Trust Company
Auditor	Pricewaterhouse Coopers LLP
Fund Legal Structure	UK OEIC (UCITS)
Inception Date - Fund	September 2013
Fund Saving Structures	SIPPs, ISAs & JISAs
Key Fund Documents	cernocapital.com/cerno-select
Ongoing Charges - Class C (incl. Management Fee)	Management Fee 0.75% Allocated managers' Fees 0.19% Other Fees (incl. running costs) 0.19% OCF 1.13%
Transaction Costs	Explicit Costs 0.02% Implicit Costs 0.03%*
Initial Charge	5% - waived as standard
Contact	Tom Milnes 020 7036 4126

*We have only started calculating this data from 1st July 2021, and as such this is an estimate based on the available data so far

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