

### FUND PERFORMANCE

#### Cumulative Returns

1 Month	YTD	1 Year	3 Years	5 Years	Since Launch
-4.9%	8.5%	27.2%	43.9%	63.6%	102.3%

#### Calendar Returns

Year	Q1	Q2	Q3	Q4	Annual
2019	6.2%	2.9%	1.9%	3.5%	15.3%
2020	-20.9%	13.9%	1.7%	11.8%	2.4%
2021	11.0%	2.8%	2.4%	-1.4%	15.2%
2022	1.9%	-4.7%	-4.6%	14.3%	5.9%
2023	3.4%	-3.0%	-0.1%	9.6%	9.8%
2024	2.6%	-0.7%	2.6%	1.0%	5.6%
2025	0.8%	8.6%	6.0%	1.9%	18.3%
2026	8.5%				

This performance information refers to the past. Past performance is not a reliable indicator of future results. This information is denominated in GBP: returns may increase or decrease as the result of currency fluctuations.

### FUND DETAILS

Fund Size	£238M
Fund Manager	Matthew Beddall
Fund Structure	OEIC (UK UCITS)
Fund Domicile	UK
Launch Date	21 <sup>st</sup> August 2018
Base Currency	GBP
ISIN	GB00BFM7DN78
SEDOL	BFM7DN7

The Key Investor Information Document (KIID) and prospectus are available in English from:

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### COMMENTARY

The fund's unit price increased by 8.5% in the first quarter, taking the total increase in unit price since inception to 102% which equates to a compound average annual return of 9.7%.

There was no shortage of alarming headlines in the quarter, with the conflict between the US, Israel, and Iran taking centre stage. Equity market participants appeared torn between the disruption risk from higher global energy prices, and President Trump's regular reassurances to them. This all, very much, put a spotlight back onto the risk of price inflation.

At the same time the rapid development of sophisticated AI-based algorithms and software continued to grab headlines. The narrative is split between the increasingly impressive demonstrations of AI capabilities, and the risk of malinvestment into the expensive infrastructure that it requires.

As ever, we have no ability to foretell how this year will play-out. I do however believe that the World Order that we have enjoyed since the end of World War II is undergoing rapid change. We are seeing a reduced level of global cooperation, more international conflict, and an increasing sense of disillusionment with the political system. This is all against a backdrop of western countries being heavily indebted and having less room for manoeuvre as a result.

Despite equity markets shrugging off the latest conflict, we remain cautious, and the sentiment in the Buffett quote below captures this stance:

*"The less prudence with which others conduct their affairs, the greater the prudence with which we should conduct our own affairs."*

Specifically, we are circumspect of any investment thesis that is dependent on a resumption of "business as normal" in the World Order, and more cognizant of wanting diversification that can help us weather whatever comes next. Despite this sombre message, as I describe in more detail below, we are seeing some exciting opportunities appear because of volatility in market prices.

As ever, our objective is to own a portfolio that will be robust in a range of scenarios. To this end of the 356 funds in the IA Global Sector (with track-records as long as ours), our fund is one of only 19 that have delivered a positive return in each full calendar year. We will be doing everything we can to try and maintain this record.

## Portfolio Update

There was a relatively high level of portfolio activity in the quarter, in part due to the impact of takeovers, and in part due to some large price moves. As a result, I have spilt a bit more ink than normal on this update!

### Asset Based Holdings

Our long-standing holding in Air Lease Corp was sold, as the deal to take the company private looked almost certain to complete. Although we benefited from an increase in the share price following the offer, I believe it is being sold for less than its intrinsic value. The holding had a 4.4% weight as of the end of last year, prior to us selling it.

We established, and then sold, a holding in Valaris, which is an offshore services company that rents out mobile drilling rigs. The company was subject to a takeover bid soon after we established a 1.5% holding, which caused the share price to increase by around 65% in the days following. We decided to sell the holding rather than wait to be paid in shares of the acquiring company.

As a value investor takeover offers provide gratification because they confirm your view that a company's shares were underpriced. To this end the bid for Valaris, also backed up our thesis on Tidewater which is a somewhat similar business that rents out service vessels to the oil and gas industry.

We re-established a holding in the Texan regional bank, Prosperity Bancshares during the quarter. It is a business that we know well and believe to be a high-quality operation. The decision was based partly on the share price having fallen, partly on no longer owning Air Lease (which was our preferred financial holding), and partly on a view that a changed regulatory climate made a takeover bid for the business more likely. To back up the last point, the Board recently enhanced the executive team's payout terms in the event of a change of control.

We place banks in our asset based bucket, albeit that it is harder to argue that banking licences represents a truly scarce asset.

Large and rapid increases in the prices of gold, silver, and platinum group metals was another theme behind some of our turnover.

We went into the quarter owning shares in the silver mining business First Majestic. Our "capital cycle" thesis was that silver is underpinned by rising industrial demand, appeared subject to a supply deficit, and was priced at a historically low level relative to gold. First Majestic offered exposure to the silver price, operates in stable jurisdictions and had a share price below our estimate of its intrinsic value based on likely future cashflows.

First Majestic's shares were up around 55% over the course of January, with a silver price that had effectively tripled over the prior few months. We made the decision to sell our holding based on our view of its intrinsic value, and an unwillingness to not keep "marking-up" our valuation of the business to ever-higher silver prices.

We also trimmed our holdings in the gold miner, Newmont, and Platinum miner, Impala. This was based on much the same argument as First Majestic, albeit that the gap between their share prices and our intrinsic value estimates had not compressed in such an extreme way.

The euphoria for precious metals, also spilt over into one of our Japanese special situations holdings, Dowa Industries. See more on this below.

### Core Holdings

We have made several changes to our core holdings, with the general theme of having tried to use some of the large market moves to our advantage.

Holdings in the European Industrial business, Aalberts, the salmon farmer, Bakkafrost, the market research company, Ipsos, the consumer conglomerate, AB Foods, and the cocoa and chocolate business, Barry Callebaut, were all sold. Ipsos was sold on the basis that we felt our original thesis on the business did not hold, with the risk of disruption being greater than we had first thought. The other holdings were sold based on a view that there were superior opportunities elsewhere, due to a combination of our level of conviction and the expected upside to our intrinsic value estimates.

During the quarter we invested into the German listed eyewear business, Fielmann Group. It is a family founded and controlled business, that has grown to become a dominant operator in its home market. The business was built on an offering of stylish and affordable eyewear, operating a "cost benefits shared" model where economies of scale are passed back to customers. They have made several international acquisitions which have caused a decline in margins in the short-term. Our thesis is based on a view that this is part of a well thought out long-term strategy, and that the share price was too pessimistic on the likelihood of their plan succeeding.

We also made several SaaS ("Software as a Service") company investments, in the form of Adobe, Veeva, and Topicus.com.

The widespread sell off in SaaS companies, due to the perceived threat of AI has been widely written about. The competitive threat is seen as coming from a combination of (1) it being much easier to create complex software yourself and (2) the "per-seat" revenue model being impacted by declining employee numbers. We believe that the sell-off in SaaS companies has been somewhat indiscriminate, and that there are certain business models that are less at risk of disruption.

Adobe is the dominant provider of software to the creative industries and provides document management services built around its pdf software. It is widely perceived as being under threat, with its share price being more than 60% below its 2024 peak, leaving it at an arguably all-time low valuation. No sign of disruption is yet visible, with revenue having grown at a 13% average annual rate in the last five years and more than 10% last year. Our thesis, centres on how entrenched their software is in many organisations, their strategy to incorporate AI into their offering, and their move away from a "per-seat" pricing model.

Veeva is the dominant provider of software to the life-sciences industry. Its CEO and founder, Peter Gassner, has grown the business to count 47 of the 50 largest pharmaceutical companies as customers. It operates in a highly regulated environment, has an entrenched position, and operates a strategy that prioritises long-term customer satisfaction over short-

term earnings. The share price is around 50% below its peak of last year, with average annual revenue growth in the last five years of 17%, and 16% growth last year. Our thesis is based on a view that record-keeping systems in highly regulated environments are at a low level of risk of disruption.

Topicus.com is a spin-off from Constellation Software, that is pursuing the same model of systematically acquiring niche vertical software businesses. Constellation is seen as a poster child of creating shareholder value, under the stewardship of its maverick founder, Mark Leonard. The business model is based on owning many specialised software businesses that serve very specific end markets. Where Constellation is focused on acquisitions in North America, Topicus.com is focused on acquisitions in Europe. Our thesis is based on the combination on how embedded their software is in customer organisations, their mass-diversification, and a view that customers are unlikely to replace relatively inexpensive software with a home-baked alternative.

In summary, we believe that in each case the current share price reflects a level and rapidity of disruption that we think unlikely. It is the large fall in share prices, and resulting lower valuation multiples, that has made them appealing investments to us.

Finally, we reestablished a holding in Berkshire Hathaway. We had previously sold our holding down as the share price moved to exceed our estimate of intrinsic value. Whilst it is not our intention to "trade" core holdings such as this, we will ultimately be guided by our views on valuations. The enterprise value (market capitalisation less cash net of debt) is around 25% lower than at the end of 2025 Q1, due to a combination of a lower share price and higher cash balances. This made the shares look increasingly attractive, with the resumption of buybacks suggesting that management are thinking along the same lines!

### Special Situations

Dowa is a Japanese recycling business that has exposure to precious and platinum group metal prices. Its share price converged on our intrinsic value estimate, which appeared to be the result of the ebullience in metal prices. As a result, we sold the holding.

We established holdings in two Japanese broadcasters, Tokyo Broadcast Systems and TV Asahi. Our thesis in both cases is based around the theme of "governance reform", and their ability to lift returns on equity by rationalising their balance sheets.

The final new holding was into the UK listed investment vehicle, Rosebank, which was recently started by the founders of Melrose Industries. It is pursuing a "buy, improve & sell" strategy with niche industrial businesses, which is how the founders created much shareholder value in their time at Melrose. At the time we invested the company had made its first acquisition, and it has subsequently announced that it is in the process of making two further ones. Our investment thesis is based on the past success of the management team, but we decided to treat it as a "special" owing to it being an entirely new corporate venture.

## Turnover

I will finish by saying that I see low turnover as the desirable result of a well-run investment process, rather than an end-goal in and of itself.

Turnover generates trading costs, and trading costs are bad news for investors. Furthermore, high turnover can be suggestive of a lack of patience and discipline, rushing from "pillar to post". The mantra of low turnover has become increasingly enshrined, to the point where having almost no turnover is a badge of honour for some investors. I think this can be misguided, even for long-term investors. Even passive stock indices have some turnover, as companies are included and excluded from the index.

I believe that the composition of markets has shifted, with hedge-funds, passive, and retail speculators, increasingly acting as dominant forces. I think that this has the result of market prices, at times, moving faster and farther than they have done in the past. This is a sweeping generalisation, but the sentiment I wish to convey is that fewer participants basing their decisions on “fundamentals” should mean that market prices experience larger deviations from sensible estimates of intrinsic value. It is these deviations that create opportunities for value investors, and where we think it makes sense we will act accordingly. The cost of acting on these opportunities is increased turnover, and our goal is to seek to balance the risk of the former against the benefits of the latter. It is through this lens that I would wish you to view the changes in the portfolio above!

As ever, thank you for your support.

**Matthew Beddall**  
CEO, Havelock London

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## IMPORTANT INFORMATION

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This is the opinion of the author at the time of writing and it may change. The company examples used are for illustrative and information purposes only. Every attempt is made to ensure this information is correct or up-to-date. This is not a recommendation or investment advice and you must not use it to make investment decisions.

### **Investment Risks**

The value of investments in WS Havelock Global Select (the fund) may fall as well as rise. Investors may not get back the amount they originally invested. Investments will also be affected by currency fluctuations if made from a currency other than the fund’s base currency. Past performance is not a reliable indicator of future results.

Potential investors should not use this document as the basis of an investment decision. Decisions to invest in the fund should be informed only by the fund’s Key Investor Information Document (KIID) and prospectus. Potential investors should carefully consider the risks described in those documents and, if required, consult a financial adviser before deciding to invest. The fund can invest more than 35% of its value in securities issued or guaranteed by an EEA state listed in the prospectus.

### **Performance Data**

All performance information is for the A-Accumulation share class, which is the longest running share class for the fund. This performance information refers to the past. Past performance is not a reliable indicator of future results. This information is denominated in GBP: returns may increase or decrease as the result of currency fluctuations.

The data in this document is sourced from the fund accountants unless otherwise specified. The data used to calculate the price to earnings ratio is sourced from Bloomberg.

### **Other Information**

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