30 June 2026

HAVELOCK LONDON

WS HAVELOCK GLOBAL SELECT

FUND PERFORMANCE

Cumulative Returns

1 Month	YTD	1 Year	3 Years	5 Years	Since Launch
-4.9%	7.8%	16.4%	47.5%	58.2%	101%

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%	-0.6%			

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	£259M
Fund Manager	Matthew Beddall
Fund Structure	OEIC (UK UCITS)
Fund Domicile	UK
Launch Date	21st 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 decreased by 0.6% in the second quarter, taking the total increase in unit price since inception to 101% which equates to a compound average annual return of 9.3%.

There has continued to be no shortage of drama on the world stage, with the conflict in the Middle East and excitement around AI having pulled markets in opposing directions. Optimism at the end of the quarter stemmed from Iran and the USA agreeing to a ceasefire, although as I am writing this both sides have already broken it. This has been happening against a backdrop of markets seemingly more driven by President Trump's utterings, than actual events in the world outside the White House.

Many of the large market moves of the first quarter were subsequently reversed in the second, giving a sense of many participants moving from one side of the boat to the other. The positive mood towards all things AI helped SpaceX successfully IPO with a valuation so high to suggest its future business success is a given. The IPOs of Anthropic and OpenAI are expected to follow.

Much of the exuberance in markets appears to stem from retail investors, which makes it feel evocative of previous market bubbles. Citadel Securities recently detailed[1] how retail equity volumes this year are more than double their 2024 average. They also report that nine of the ten most active retail trading days that they have ever witnessed occurred in the last two months. Retail investor purchases have been running at nearly four times last year's average, as well as a spike in them buying equity options.

Increased retail activity is part of a change in the composition of market participants in the last decade, alongside the shift towards passive investing and the growing importance of hedge fund and algorithmic trading. The backers of large IPOs, like SpaceX, seem all too aware of the need to harness both retail investors and passive flows, with membership of key equity indices creating guaranteed demand for a company's shares.

I see a risk of a mass wealth transfer from the uninformed retail public, either directly or via passive funds, to informed sellers, at prices that are justified by optimism rather than economic reality. This is the script that previous speculative manias around new technologies have followed, where the retail public are induced to "buy high sell low". Were this to happen then the falling value of household wealth would have broader impacts on the health of the economy.

We clearly have no ability to know how long the speculative mood will continue, and I may also be proven wrong in thinking that it is a bubble. Although I think it likely that it is, the euphoria is not universal, with many companies experiencing large falls in price. As is detailed fully below I think this is giving us an improved opportunity set, with unreasonable optimism in some market corners creating unreasonable pessimism in others.

As ever our energy is focused on owning good businesses at valuations that do not require much optimism. I see this valuation discipline as our main line of defence in navigating whatever markets throw at us next.

Portfolio Update

The first half of 2026 saw a high level of activity in the portfolio, motivated in a large part by some outsized share price moves. Although less apparent at a stock index level, we have seen many companies with price moves (both up and down) of more than 40%. As we act on disparities between market price and intrinsic value, moves of this size give us reason to transact. This generally took the form of selling holdings that were at a minimal discount to our view of their intrinsic value and redeploying the proceeds into more heavily discounted opportunities.

This volatility in individual company share prices was less apparent at a portfolio level, but we witnessed a certain amount of "rotation" in which holdings were driving performance at any point in time. This serves as a reminder of the vagaries of interpreting a snapshot of short-term performance.

During the first half of 2026 we bought fourteen new holdings and sold thirteen existing ones, leaving the portfolio with a total of thirty-nine holdings. The cash and equivalents weight in the fund moved from 6.2% at the start of the year to 4.3% at the end of the second quarter. In the commentary that follows all performance numbers are for the first half of the year, and pertain to performance in British Pounds, unless otherwise stated.

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[1] https://www.citadelsecurities.com/news-and-insights/global-market-intelligence/1h-2026-market-structure-flows/

The table below details the top ten contributors to fund performance, alongside the total returns from owning their shares for the entire period (representing both share price moves and dividends).

Top ten positive contributors

Company	Category	Share Price Total Return (GBP)	Fund Contribution
Sirius XM	Special Situation	53%	1.35%
Coca-Cola Icecek	Core Holding	34%	1.15%
Tidewater	Asset Based	34%	0.98%
First Majestic Silver	Asset Based	3%	0.95%
Valaris	Asset Based	46%	0.92%
Serica	Asset Based	30%	0.83%
LG Corp	Special Situation	16%	0.80%
Dowa Holdings	Special Situation	19%	0.66%
Kyoto Financial Group	Special Situation	32%	0.61%
Aalberts	Core Holding	42%	0.59%

The next table shows the same information for the ten largest detractors to performance.

Top ten negative contributors

Company	Category	Share Price Total Return (GBP)	Fund Contribution
Teleperformance	Core Holding	-21%	-0.80%
Hi-Lex	Special Situation	-36%	-0.77%
Judges Scientific	Core Holding	-16%	-0.69%
Adobe	Core Holding	-40%	-0.55%
Bucher Industries	Core Holding	-11%	-0.36%
Impala Platinum	Asset Based	-31%	-0.33%
Zoetis	Core Holding	-41%	-0.31%
Exor	Core Holding	-8%	-0.29%
Yellow Cake	Asset Based	-11%	-0.27%
Eventim	Core Holding	-34%	-0.21%

An in-depth discussion of the portfolio follows, grouped into the three broad categories that we place the holdings.

Core Holdings

Our core holdings delivered the weakest performance of all three categories, with an overall contribution of 0.7%. Conversely, it was the part of the portfolio that saw the most change, in direct response to the large price movements described above. I think that the net impact of these changes was a material upgrading of what we own and continue to see interesting further opportunities.

Consumer Businesses

Coca-Cola Icecek, the Turkish Coke bottling company, saw a share price rise following last year's strong results, as they proved able to raise prices without impacting volumes. Management had planned price rises and did not expect volume reductions, but it was only when their annual results were published that the stock market acknowledged the credibility of this plan.

The holding in Coca-Cola İçecek was reduced and used to fund a new holding in the Turkish brewer, Anadolu Efes. The latter company owns around half of the former, alongside being the largest brewer in Turkey and having a joint venture in Russia with AB Inbev. Since the joint venture was put under "temporary management" by the Russian government, the share price has been depressed. So much so that after accounting for the value of their holding in Coca-Cola İçecek, and assuming a write-off of the Russian business, no value is ascribed to the Turkish brewery. Hence, we believe we are retaining full exposure to the coke bottling company, whilst gaining exposure to Turkey's largest brewer "for free".

Elsewhere in our other consumer exposed businesses, we sold holdings in Associated British Foods (ABF), Barry Callebaut and Bakkafrost, and added holdings in Fielmann Group, CTS Eventim, and Zoetis. All three new additions were in response to large price falls, and all three are high quality growing businesses that have previously commanded premium valuations.

The holding in ABF was relatively small as of the start of the year, and alongside Card Factory and Frasers was one of three UK retail businesses owned in the fund. The entire UK retail sector appears cheap, so much so that I think the depressed consumer outlook is probably more than reflected in today's prices. However, given the wealth of opportunities elsewhere I decided to sell the ABF holding, motivated in part to gain extra geographic and industry diversification.

Barry Callebaut is a supplier of cocoa and chocolate that was added into the portfolio in May last year. The holding made a material positive contribution last year, with the share price having moved a long way towards our estimate of intrinsic value. It was partly reduced last year, and the remainder of it was sold this year, with the share price being up around 80% since we started buying shares.

Bakkafrost is a salmon farming business that we invested in between October 2021 and November 2024. We then reestablished a small holding in June 2025, following price falls. The holding was sold at a modest gain to the purchase price to make way for higher conviction investments.

Fielmann Group is a German vertically integrated optician business, still run by the founding family. It was built on the insight of trying to make fashionable glasses available at prescription reimbursement price points and has since expanded into other European countries. They have a well thought out strategy to expand into the American mid-west, viewing it as similar to their home market. This has however weighed on short-term earnings, with the resulting negative sentiment leaving the shares on a price-earnings multiple low not seen since the 2008 financial crisis.

CTS Eventim is another founder led German company and is a live events business. The company has a large European ticketing business, as well as both organising events and running venues. Annual revenue per share growth has been around 14% in the last decade, but cost overruns at a new venue coupled with negative sentiment on the threat of AI, means that the share price is more than 50% below last year's high. Our assessment is that both concerns are overdone, and that it remains an attractive business.

Zoetis is the world's largest producer of medicine and vaccinations for pets and livestock. Because the primary earnings driver is pets, I view it as a consumer business. The company has delivered 8% average annual revenue per share growth in the last decade, whilst also materially improving operating margins. The share price is down around 60% in the last three years, due to concerns of weakening demand and a product safety issue. I believe tightening household budgets present a headwind, but not an existential threat. Likewise, regulators did not find evidence of adverse effects from the product in question.

Industrial Businesses

The Swiss engineering business, Bucher, and the British scientific instrument business, Judges Scientific, both made negative contributions to fund performance. The former's exposure to agricultural equipment markets and the latter's exposure to cuts in US academic funding, are causing short-term earnings weakness. In my judgement both remain strong businesses, both are led by directors with material skin-in-the-game, and both have excellent long-term track records. We remain committed shareholders, as I believe their current headwinds to be transient.

Holdings in the two European industrial businesses, Aalberts and TKH Group were sold, as was the holding in the European specialty chemicals business, IMCD. All three made positive contributions this year (0.59%, 0.12% and 0.56% respectively).

Aalberts benefited from one of its businesses being a key parts supplier for semiconductor fabrication plants. It is not clear how much the higher share price was caused by the rush to own companies in the AI supply chain, versus an improved outlook for longer term earnings. Given that other parts of the business are not without their challenges, when the share price moved towards our estimate of intrinsic value, I decided it was time to move on.

We had been reducing our holding in TKH Group last year. The company have a longstanding project to build a factory for manufacturing cables for the offshore wind industry which has been beset with delays. This culminated in the management announcing that they wished to sell the business, which felt jarring given they were yet to achieve stable production in the new factory. This, coupled with a shifting narrative on succession plans for the CEO, led me to decide to completely sell the holding.

We established a new holding last year in the speciality chemicals distribution business IMCD, and with hindsight I believe I underestimated the extent to which the company's prospects are tied to the health of the European economy. Although the rising share price only moved part-way to our estimate of intrinsic value, I decided that there were better opportunities to be had elsewhere.

Service Businesses

Teleperformance, the outsourced business process company, continued to be in the "eye of the storm" for speculation on AI disruption. The share price experienced a 12% decline on the penultimate day of the second quarter, only to recover the losses on the first three days of the new quarter, making the extent of the negative contribution somewhat temporary. The business is under the command of a new CEO, and although they anticipate weak growth, our work suggests the threat of disruption is not as severe as the current share price implies (the shares are on a forward PE ratio for 2026 of 6x GAAP earnings).

An investment like Teleperformance puts us between a "rock and a hard place". On the one hand there is a risk that I am "blinkered" and have a behavioural bias towards being proven right. On the other hand, patience and an ability to disregard consensus thinking are often very well rewarded in investing. I believe that our investment process should help us to be right more often than we are wrong in these situations, and we move forward alert to the behavioural risks.

We sold our small holding in the market research company, Ipsos, with it having made no material performance contribution this year. Unlike Teleperformance, I judged our original thesis as too optimistic on the threats that the business faced, and I sold the holding despite a similarly low valuation.

We made investments in several SAAS (software as a service) companies this year as concerns on the potential impact of AI saw the entire industry experience indiscriminate large share price falls. We made investments in Topicus, Adobe, and Veeva, as well as a short-lived investment in CCC Intelligent Solutions. Each investment was based on a view on the likely impact of AI on their business.

Topicus is a spin-off from Constellation Software that invests in niche European vertical software businesses. Their software is entrenched in their customers businesses, is often mission-critical and highly specialised, and typically represents a relatively small cost. This means that the incentive for customers to replace their software is low, and hence I judge the risk of disruption as having been overblown.

Adobe is well known for their dominant position in software for the creative industry, but they also have a strong position in enterprise software for document management, and digital marketing. They are working hard to counter the threat of disruption, and offer generative AI based products on a "freemium" basis. Despite continued strong growth in both revenues and the uptake of their AI-offering, sentiment on the company's prospects is low. I think their franchise is stronger than the current 12x forward PE ratio suggests, and at current prices their planned buyback would see them repurchase around 25% of shares outstanding.

Veeva is the dominant provider of software for the pharmaceutical industry and is still run by its founder CEO. They act as the "system of record" in what is a highly regulated industry, and have their software embedded in their customer's businesses. I believe that like many "systems of record", it would be complicated for customers to switch to an alternative, and it is more likely that new AI products will sit on top of their software than displace it.

CCC Intelligent Solutions provides software that sits between insurance companies and crash repair garages. We established a small holding that was sold following a positive earnings announcement, with the net effect of it having contributed 0.2%.

After the initial research into the SAAS companies we did more work on the impact of stock-based compensation, which for some companies can see the majority of earnings directed towards employees. This, together with further work on the growth potential of the business, made us more circumspect on CCC, and hence the holding was sold. We do not set out to make such transient investments, but equally I think it is important to retain the ability to change your mind in the face of new information.

<u>Holding Companies</u>

Our holding in Exor was a material detractor this year, contributing -0.29%. Exor is the investment company of the Agnelli family, and owns large stakes in Ferrari, Stellantis, CNH Industrial and Philips. The discount to the sum of the parts increased during the year, such that it is close to an historical high, and exceeds 50%. Given that most of what it owns are listed businesses, it is hard to understand why this discount should exist.

We reestablished a holding in Berkshire Hathaway this year, with it having been previously held in the fund between inception and October last year. Although the fall in share price since we sold the holding was not very material, they have continued to build up cash on the balance sheet such that the value ascribed to actual business operations[2] has fallen by around 20%. Of the shorter-term decisions discussed, this is the one that was the least defensible. Nonetheless, we were buying back the shares at lower prices than we previously sold at.

Asset Based Holdings

Our asset based holdings delivered the strongest performance of all three categories, with an overall contribution of 4.5%. I believe that we somewhat benefited from the emergence of "HALO assets" (Heavy Assets, Low Obsolescence) as a theme in markets, with some particularly large market moves following from it.

Tidewater and Valaris both own shipping assets that are used in the offshore oil and gas industry, and both feature in the top 10 contributors. The former rents service and support vessels, and the latter drill ships and rigs.

The holding in Tidewater was established last August and saw a share price rise this year in response to the disruption caused by the Middle Eastern conflict. The company's assets are geographical diversified with only limited exposure to the region, and if the conflict drives a greater focus on energy independence, I expect them to benefit from an increase in demand.

Valaris was a new holding established during January that then became subject to a takeover bid from a competitor. The offer was accepted by the company's board and was an all-share offer. I decided to sell the holding rather than wait to be given shares in the acquiring company, it being gratifying to see takeover activity that aligned with our view on its intrinsic value.

We sold our long-standing holding in Airlease because of the impending takeover. I had viewed Valaris as a home for the capital that this released; a plan that proved short-lived due to their own takeover bid!

We started the year with holdings in Newmont (gold miner), First Majestic (silver miner), and Impala Platinum (platinum group metals miner). In all cases the rational for owning them was that they are cash generative businesses available to purchase at attractive prices relative to the potential future value of their mineral reserves. The combination of limited supply and the risk of monetary debasement mean that I also believe there will be long term pressure for higher precious metals prices.

The share prices of all three miners saw some wild moves, with precious metals suddenly becoming a focal point of speculation in markets. As the discount to our estimates of intrinsic value narrowed, the holdings were reduced. The holding in Newmont was approximately halved, the holding in First Majestic was sold completely, and the holding in Impala was reduced during January, but then later increased following large price falls.

Holdings in Nutrien, the fertiliser business, and Sigmaroc, the limestone aggregates business, were both also sold due to their share prices converging on our estimates of their intrinsic value.

We reestablished a holding in the Texan bank, Prosperity Bancshares. The motivation for this was partly that the share price has fallen since we previously owned it, but more so that we believe the likelihood of it being taken over has increased due to a more relaxed regulatory regime under President Trump. It is a business we know well, run by a long standing and successful management team. The board approved more favourable management payouts in the event of a takeover, suggesting they view a takeover as a realistic possibility.

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[2] By which I mean the Enterprise Value (market capitalisation + net debt)

Special Situations

Our special situations holdings made an overall contribution of 3.1%, with most portfolio activity focused on our Japanese governance reform related investments.

SiriusXM, the audio media company, was the fund's largest overall contributor. Sentiment on the business improved this year after they announced that paid subscriber numbers were ahead of market expectations. We treat it as a special situation because it is a business undergoing a transition and has more debt than our typical core holdings. We are, however, comfortable with this because we believe the valuable broadcast spectrum licenses it owns underpins the valuation.

We saw our holding in the Korean conglomerate, LG Corp, become briefly wrapped up in AI enthusiasm, with reports of a meeting with Nvidia leading to a 45% share price increase in the space of two days! This took the share price beyond our estimate of intrinsic value, but the entire move was swiftly reversed. The size of the move caused a halt in the trading of the shares, such that we could only sell a fraction of the holding at elevated prices.

The holding in the recycling business, Dowa Holdings, was sold. Through its activities the company has significant exposure to precious metals prices and so got swept up with the exuberance in this area. This meant that its share price converged on our estimate of intrinsic value, and the capital was redeployed elsewhere.

The holding in the medical devices company, Fukuda Denshi, was also sold because its share price converged on our estimate of intrinsic value. By way of illustration of the limitations of our abilities, the Dowa Holdings share price fell after we sold, whereas the Fukuda Denshi share price continued to rise. Clearly estimating intrinsic values is a very inexact exercise, and market prices move in unpredictable ways. Nonetheless, I believe that our valuation discipline, on average, serves us well.

We established holdings in two Japanese broadcasters; TV Asahi and Tokyo Broadcast Systems (TBS). In both cases we think that there is scope for shareholder returns to be increased since disposing of property and or cross-shareholdings would give them an easy route to better capital allocation. TBS benefited this year from a large cross-shareholding in Tokyo Electron, which has been swept up in the euphoria for semiconductor related companies.

We also initiated a holding in Daiwa Industries, which manufactures commercial refrigerators that are mainly used in restaurants in Japan. It is run by the founding family and is another governance reform candidate. Given the prolonged weakness of the Japanese Yen, we take additional comfort from domestic businesses, as demand for their products should be less dependent on future currency moves.

The final new investment is a recently launched UK holding company, Rosebank. It was set up by the founders of a similar business called Melrose, where they had successfully run a "buy improve sell" strategy on industrial businesses. It is treated as a special situation because the investment case is centred on the founders' track-record. Like many of our investments the management team have meaningful skin in the game, having spent their own money to buy shares in the business.

Postscript

I do not know what cards the markets will deal us next, but I am of the view that there is a clear risk that the euphoria for AI related companies is creating a bubble. The comfort that I can offer is that this euphoria is not universal, and I believe this environment is creating lots of interesting opportunities for value-oriented investors. I hope this will stand us in good stead to navigate whatever comes next.

As ever, thank you for your support.

Matthew Beddall
CEO, Havelock London

IMPORTANT INFORMATION

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