Ennismore Global Equity Fund

Investor Newsletter for the month of April 2023

Issued on 5 May 2023

Fund Details

Daily dealing UCITS and Irish Central Bank regulated open-ended investment company with Financial Conduct Authority recognition and registered in Ireland. The Fund size was USD 138m as at 28th April. Total assets under management by Ennismore Fund Management were USD 610m. The number of shares issued by our funds is capped in order to limit the level of assets under management in each strategy. We currently have capacity available in the Global Equity Fund. If you would like more information or to invest please contact Adam Sullivan on +44 (0) 20 7368 4224 or email subs@ennismorefunds.com.

Performance as at 28 April 2023

	Share Class[1]					
	GBP	**GBP A**	**EUR**	**CHF**	**EUR I**	**USD I**
NAV per Share[2]	13.13	13.06	12.98	11.71	10.05	10.33
	% Change					
April 23	3.5	3.4	3.4	2.4	3.3	3.4
2023 to date	5.1	5.1	6.1	5.7	4.5	5.2
Annualised return[3]	4.2	4.1	4.0	2.4	0.1	0.8
Since launch[3]	31.3	30.6	29.8	17.1	0.5	3.3
Note: All performance figures net of fees. **Past performance is not a guide to future returns.**						

Comments below on performance refer to GBP A NAV per share unless otherwise stated, exclude fx and interest contributions to cash and are prior to expenses.

The Fund's NAV increased by 3.4% in April. The long book contributed 2.4%, driven by a strong month for our UK positions. Deliveroo gave a trading update where it maintained its full year guidance. Moneysupermarket.com also reported a strong recovery in insurance and travel, while International Distributions Services (fka Royal Mail) has reached an agreement with its unions. The short book also performed positively, adding 1.2% to NAV, with a US automotive short disappointing on revenue and margins as it faced increased competition. The positive returns were partly offset by our long position in Becle, which has been weak with the Mexican peso appreciation, and a US financial services short, which we continue to believe has poor long term prospects.

Top Five Contributors and Detractors for April 2023

Contributors	MTD (bp)
Deliveroo Plc	59
Admiral Group Plc	55
International Distributions Services Plc	43
Moneysupermarket.com Group Plc	39
US automotive manufacturer	25

Detractors	MTD (bp)
US financial services company	-29
Becle, S.A.B. de C.V.	-28
Linea Directa Aseguradora SA	-22
D'ieteren Group	-20
NICE Information Service Co Ltd	-16

Top Five Long Holdings as at 28 April 2023

Company	Country	Sector	% of NAV
Buzzi Unicem SpA	Italy	Materials	5.9
Admiral Group Plc	United Kingdom	Financials	4.9
Schibsted ASA	Norway	Communication Services	4.4
Moneysupermarket.com Group Plc	United Kingdom	Information Technology	4.1
D'Ieteren Group	Belgium	Consumer Discretionary	4.0
			23.2

[1]Source: Administrator, Net Asset Value, net income reinvested.
[2]Source: Administrator, Net Asset Value.
[3]Since inception of GBP, GBP A, EUR and CHF share classes on 03/10/16, EUR I share class on 03/07/18, USD I share class on 02/01/19

Exposures as at 28 April 2023

Longs%	Shorts%	Gross Exposure%	Net Exposure%
78.7(76.5)	35.8(40.9)	114.5(117.4)	43.0(35.6)

Figures in brackets refer to previous month end. All exposures are calculated on a delta adjusted basis. All calculations are subject to the impact of rounding.

Exposures by Country, Market Cap & Sector as % NAV and Positions as at 28 April 2023

Country	Gross%	Net%
United States	36.6	-16.2
United Kingdom	28.4	27.4
Germany	8.5	8.5
Norway	6.8	2.9
Italy	6.4	5.4
Sweden	4.7	2.1
Belgium	4.0	4.0
Japan	3.9	3.9
Mexico	2.2	2.2
Hong Kong	2.2	-1.4
Austria	1.8	0.1
Switzerland	1.5	0.4
South Korea	1.4	1.4
Spain	1.4	0.9
Ireland	1.2	1.2
Brazil	1.0	1.0
Australia	1.0	-1.0
Other	1.6	0.1

Market Cap	Gross%	Net%
>$10bn	19.9	4.3
$5bn - $10bn	20.1	10.8
$1bn - $5bn	59.2	29.1
<$1bn	15.3	-1.2

Positions	Apr	Mar
Long	49	47
Short	68	78
Longs Opened	3	2
Longs Closed	1	0
Shorts Opened	0	4
Shorts Closed	10	7

Sector	Gross%	Net%
Communication Services	17.8	12.7
Consumer Discretionary	18.9	7.5
Consumer Staples	5.8	2.6
Energy	0.0	0.0
Financials	15.3	11.0
Health Care	3.6	-3.4
Industrials	16.4	-2.5
Information Technology	19.3	3.4
Materials	14.5	10.9
Real Estate	2.8	0.8
Utilities	0.0	0.0
Other	0.1	-0.1

Geographic analysis relates to country of incorporation or listing. This may not represent the underlying economic exposure of the operating business.

Deutsche Wohnen SE – German residential real estate company (1.8% NAV)

We have decided to join our European team's investment in Deutsche Wohnen (DW) which they wrote about in their August 2022 newsletter. The investment case hasn't changed, so to avoid a poor replication of that, here is their stock comment.

Since then, the share price has trodden water at best, but there have been two important and positive developments for the business. Firstly, the Christian Democratic Union party, which is conservative in its approach, has just been elected in Berlin in the local elections and will now form a conservative-led coalition. They have made it clear they intend to spend around EUR 4bn buying 15k apartments in Berlin. The implied valuation is c. EUR 4k/m^2 which compares to the current market-implied valuation of DW's portfolio at around EUR 2k/m^2.

Secondly, rents in Berlin are increasing very strongly as a result of rising demand and limited supply. In just the last three months, rents have increased by 22%, making the city Germany's joint second most expensive along with Frankfurt, with Munich still being the clear number one. The average asking rent for existing apartments in Berlin is now EUR 12.41/m^2 which compares to DW's Berlin portfolio of just EUR 7.4/m^2. DW's apartments were historically mainly owned by housing associations, which together with local government rent control policies, has limited DW's ability to raise rents. We expect that rent regulation will continue to dampen rent increases at DW, but we think this is deferral rather than prevention, and given higher inflation the upward pressure on rents continues.

DW's business is simple, its assets are in high demand and are hard to replicate, and its cashflow is predictable. With the stock trading at a 60% discount to a conservative NAV of EUR 20.4bn and a funds from operations yield of 7.3%, it is pretty clear that the valuation is low. The investment debate can be summarised simply as an assessment of whether one can trust Vonovia, the parent company that owns 87% of DW. We have some concerns but believe that the risk-reward at the current price is particularly attractive. Yes, it is true that Vonovia stopped DW's dividend payments for no good reason, other than to shake out some of the minority shareholders, but it cannot force anyone to sell. Without a dividend the substantial cash generated by DW's portfolio will simply build and build on the balance sheet. Additionally, Vonovia is one of Germany's largest publicly quoted companies, included in the DAX index. It has a reputation to uphold.

Vonovia is entitled to delist DW, but it is unlikely to do so since providing it acquires shares through the stock market, we think it is allowed to go above 90% ownership without paying any real estate transfer tax. Even if it did delist DW, providing the size of the free float remains at a decent level, say at a couple of hundred million euros, considerably below today's free float level of over €1bn, a regional stock market like Hamburg would in all likelihood offer to make a market in the stock. We have seen this happen previously. That would suit us fine and we think other long term value investors also. In the event of a squeeze out, the takeout price has to be reviewed by a court-appointed auditor as well, with an option for minority shareholders to legally challenge the buyout. Far more likely, Vonovia will, at some stage, make an offer at or above NAV to persuade the long-term investors like ourselves to sell.

Overlap between the Global and European Funds

Europe is an important part of the Global Fund's mandate. It is only natural and good, we believe, that there is a cross fertilisation of ideas between the European and Global teams. We have seven portfolio managers in total, four on the European Fund and three on the Global, along with five analysts who support both teams. We share a common investment philosophy and collaborate closely. There will inevitably be some overlap in individual investments. Providing the best ideas – as chosen by the relevant Global Fund Portfolio Manager – of the European Fund are liquid enough, we want the Global Fund to also benefit. But we feel it is important that the degree of overlap is not too high – for our clients who choose to invest in both funds, as we do ourselves, the returns shouldn't be too correlated. Currently 15.8% and 22.4% of the Global Fund's longs and shorts respectively are also held in the European Fund.

Monthly percentage return for the GBP A share class of the Global Equity Fund

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	0.7	0.7	0.2	3.4									**5.1**
2022	-1.7	-3.2	-3.3	3.4	0.4	-5.2	4.6	0.4	-0.4	0.5	4.2	6.2	**5.2**
2021	-2.6	1.4	2.6	3.0	0.7	-0.9	2.2	1.2	1.9	-3.9	1.8	2.3	**10.0**
2020	-4.7	-6.6	-5.4	4.6	-0.9	2.2	-4.4	-10.2	5.3	-0.7	-3.6	2.2	**-21.3**
2019	2.9	1.0	0.3	1.7	-0.2	0.5	1.0	1.8	1.9	0.0	-4.4	0.7	**7.3**
2018	-4.4	5.9	-0.9	3.3	2.9	5.9	1.9	4.0	0.9	0.8	0.5	-3.0	**18.6**
2017	-0.1	-1.4	-1.2	-2.9	1.7	-1.5	1.0	3.2	-2.8	1.3	-1.2	5.5	**1.3**
2016										1.3	-0.8	5.3	**5.8**

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We hereby disclose that as at the date of first issue of the report to which this is an Appendix, we held positions in the companies discussed in that report and we are thus subject to conflicts of interest in respect of these companies. The analysis presented on these companies has not been prepared in accordance with legal requirements regarding the independence of investment research and as such is considered non-independent research, as defined by COBS 12.3.2R of the FCA Handbook and as a marketing communication.

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The examples of specific investments included herein are not representative of all of the companies purchased, sold or recommended for the Fund. The Fund's portfolio contains a much larger number of positions than the examples set forth herein and, accordingly, the examples are not intended to indicate the overall composition of the Fund's portfolio. It should not be assumed that investments in the companies identified will be profitable, that recommendations made in the future will be profitable or will equal the investment performance of those discussed herein, or are representative of investments that will be made in the future. There is also no guarantee that any of the positions are currently or will remain in the Fund. The information included in this document should not be considered a recommendation to purchase or sell any particular security or other financial instrument. All statements and expressions are the sole opinion of Ennismore and are subject to change without notice.

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