Ennismore Global Equity Fund

Investor Newsletter for the month of January 2025

Issued on 7th February 2025

Fund Details

Daily dealing UCITS and Irish Central Bank regulated open-ended investment company with Financial Conduct Authority recognition and registered in Ireland, Germany, Italy, Spain and Sweden. The Fund size was GBP 137m as at 31st January. Total assets under management by Ennismore Fund Management were GBP 419m. We currently have capacity available in the Global Equity Fund. If you would like more information or to invest, please contact Margaret Webb on +44 (0) 20 7368 4250 or email clients@ennismorefunds.com.

Performance as at 31st January 2025

	Share Class[1]					
	GBP	**GBP A**	**EUR**	**CHF**	**EUR I**	**USD I**
NAV per Share[2]	15.05	14.97	15.59	13.84	11.34	11.82
	% Change					
January 25	1.6	1.6	0.6	1.3	1.3	1.5
2025 to date	1.6	1.6	0.6	1.3	1.3	1.5
Annualised return[3]	5.0	5.0	5.5	4.0	1.9	2.8
Since launch[3]	50.5	49.7	55.9	38.4	13.4	18.2
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 GBP A NAV per share increased by 1.6% in January, with the long book contributing 4.1%. Several of our holdings such as Genus, St James Place, and Ryanair, gave positive trading updates which beat expectations, while Philip Morris International got the FDA's approval to start marketing its Zyn nicotine pouches in the US.

Calumet shares declined after a month of mixed news. The company is planning to expand its biodiesel refinery in Montana and convert a significant proportion of the production to higher yielding sustainable aviation fuel. We believe the economics of this project are attractive. The US Department of Energy (DoE) made a conditional commitment in December to provide a low-cost loan to fund this project, and the loan was closed in early January. Calumet also released preliminary 2024 financials, issued a bond, and announced a small equity facility. However, the US presidential transition has clouded the picture on the DoE loan, as disbursements have been paused whilst commitments are reviewed against the new administration's policy priorities. Calumet's refinery project has solid local political support in what is a Republican state. We see cancellation of this loan as extremely unlikely, and expect the stock to recover once it is funded.

The short book detracted -2.0% over the month with no individual short costing us more than 30bps. Whilst net exposure stood at ca. 71% at month end, ex-ante beta adjusted exposure is considerably lower (ca. 30%).

Top Five Contributors and Detractors for January 2025

Contributors	**Bps**
Genus Plc	41
Lottomatica Group SpA	35
Philip Morris International Inc	33
St James's Place Plc	31
thyssenkrupp AG	31

Detractors	**bps**
Calumet Inc	-60
German defence company	-28
Swedish technology company	-26
Becle S.A.B. de C.V.	-24
US food producer	-23

[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.

Top Five Long Holdings as at 31st January 2025

Company	Country	Sector	% of NAV
Admiral Group Plc	United Kingdom	Financials	5.5
Auto Trader Group Plc	United Kingdom	Communication Services	4.9
Nippon Television Holdings Inc	Japan	Communication Services	3.9
Philip Morris International Inc	United States	Consumer Staples	3.9
Baltic Classifieds Group Plc	Lithuania	Communication Services	3.5
			21.7

Exposures as at 31st January 2025

Longs%	Shorts%	Gross Exposure%	Net Exposure%
113.6 (107.9)	42.7 (43.8)	156.3 (151.7)	70.9 (64.1)

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 31st January 2025

Country	Gross%	Net%
United States	39.6	-5.7
United Kingdom	33.9	29.5
Japan	13.7	13.6
Sweden	7.9	-0.2
Canada	7.5	6.7
Germany	6.9	3.3
Belgium	5.4	5.4
Italy	5.1	2.2
France	5.1	-3.8
Norway	4.1	3.7
Lithuania	3.5	3.5
Ireland	2.9	2.9
Hong Kong	2.9	1.8
Bermuda	2.0	2.0
Israel	1.6	0.4
Spain	1.5	0.9
Finland	1.3	-1.3
South Korea	1.3	1.3
Philippines	1.1	1.1
Singapore	1.0	1.0
Switzerland	1.0	-0.6
Taiwan	0.9	0.9
India	0.9	0.9
Poland	0.9	-0.9
Other	4.1	2.0

Market Cap	Gross%	Net%
>$50bn	17.0	13.1
$20bn - $50bn	8.0	3.4
$2bn - $20bn	81.2	29.6
$500m -$2bn	35.7	15.4
<$500m	14.3	9.4

Positions	Jan	Dec
Long	88	84
Short	101	92
Longs Opened	5	7
Longs Closed	1	1
Shorts Opened	17	6
Shorts Closed	8	5

Sector	Gross%	Net%
Communication Services	28.9	25.4
Consumer Discretionary	20.4	9.9
Consumer Staples	11.1	0.2
Energy	3.7	2.5
Financials	29.7	20.5
Health Care	7.8	2.9
Industrials	24.4	3.0
Information Technology	17.5	-1.3
Materials	8.3	4.5
Real Estate	3.2	2.4
Utilities	0.2	-0.2
Other	0.9	0.9

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

Tilaknagar Industries – Indian brandy producer (0.9% NAV)

Tilaknagar Industries was founded in 1933 when Mahadev Dahanukar established India's first private sugar mill. Over the past nine decades under the leadership of four generations of the Dahanukar family, Tilaknagar has evolved into India's leading premium brandy producer, anchored by its flagship brands, Mansion House (launched in 1983) and Courrier Napoleon (1995). These two brands contributed to the company selling over 11m cases[4] last year, which has increased by an impressive 11% compounded annual growth rate (CAGR) over the last five years. Mansion House Brandy alone accounts for 8.5m cases, making it the best-selling brandy in India and number two globally.

[4] One case contains twelve 750 ml bottles.

Tilaknagar's competitive advantage is the strength of its brands. This is an intangible advantage built over four decades of consistent product quality, unique marketing and broad distribution, earning consumer trust and a dominant market share position with two of the most recognisable brands in India. Tilaknagar's moat was tested in the mid-2010s, when the company faced severe financial distress due to a combination of excessive debt, high raw material costs, price caps and liquor bans in certain states. At its worst, Tilaknagar was burdened with nearly $160m of net debt in FY16 leading to liquidity constraints, defaulted payments and a significant working capital crunch. The company raised equity, renegotiated its debt, cut costs and diverted all resources towards the growth of its high-margin premium and semi-premium products. Despite these challenges, the strength of its brand portfolio proved resilient. While many struggling firms might have lost market share or faced consumer attrition, Tilaknagar's flagship brands continued to dominate the premium brandy segment, with Mansion House growing volumes at a 9.1% annualised rate from FY16-22, 3.5x faster than the industry. Today, the company has a market capitalisation of $920m after having grown revenues at a 15% CAGR from FY16-24, is net-debt free, operates in a more favourable environment, and generated a respectable after-tax return on capital employed of 16% last fiscal year.

India is predominantly a whisky market, with whisky representing 65% of the 400m cases of Indian made foreign liquor (IMFL) consumed every year, while brandy represents 22% and rum 13%. Overall IMFL consumption in India has grown at a 3-4% CAGR since 2019 with premium categories growing at 8%. Within this, premium brandy has grown over 12%, making it the fastest growing segment within all alcohol categories in India. Our research suggests enduring reasons for higher brandy consumption in India: rising middle class incomes, emergence of cocktail culture, changing social norms/urbanisation, attractive demographics, health perception, marketing and product innovation. Tilaknagar's growth potential is significant.

Characterising Tilaknagar as owning 12% of India's total brandy market of 90m cases understates the company's dominance as over 40m cases are consumed in the southernmost state of Tamil Nadu where there is a state-controlled alcohol monopoly. We do not factor an expansion into Tamil Nadu into our numbers although an employee of competitor Inbrew Beverages told us in January "if Tamil Nadu opens up, it will easily double Tilaknagar's volumes." Tilaknagar's market share is over 20% in the five south Indian states within which it is present: Karnataka, Andra Pradesh, Puducherry, Telangana and Kerala. We estimate its share of the premium brandy segment is over 50% in these states. In Karnataka and Telangana, two of Tilaknagar's largest markets, more than 85% of all spirits consumption is whisky. Yet Tilaknagar is the third largest seller of premium liquor in these two markets, behind Diageo and Pernod Ricard, illustrating the power of its local brands. The five southern states represent 86% of Tilaknagar's volumes, growing at a low double-digit rate while Tilaknagar is expanding into north India, where prices are higher. Export markets, representing less than 1% of revenue today, have potential as over 15m expat Indians with higher disposable incomes live in the Middle East and South East Asia.

Alongside geographic expansion, further growth in volumes at a higher price/mix will be driven by premiumisation of the existing category and new category growth. Premiumisation within its core brandy category has significant growth potential as premium volumes as a percentage of industry-wide IMFL volumes is 60% for vodka, 54% for whisky, and less than 35% for brandy. New launches of flavoured brandy (Mansion House Flandy) and luxury brandy (Monarch Legacy Edition) are performing well according to our conversations with sources on the ground. Management expects non-brandy categories to grow from 7% of volumes to 20% in the next five years, a target we feel is conservative. The company recently launched premium whisky (Mansion House Whisky) and flavoured gin (Blue Lagoon Gin), and we are monitoring its progress. Recent changes in the regulatory environment are also contributing to price/mix, for example, reduced excise duties in Karnataka last summer have led to record sales and a shift from public to private retail distribution in Andra Pradesh in October (there were 85k applicants for 3.5k stores!) should provide a similar tailwind.

Overall, we believe Tilaknagar's multiple growth drivers should sustain low to mid-teens annual revenue growth over the next few years. Operating margins should continue their upward trajectory from 9% in FY23 to close to 14% this year supported by operating leverage from higher volumes and stable raw material costs, partially offset by a small increase in marketing spend. Capital intensity should remain low as 16 of Tilaknagar's 20 manufacturing facilities are outsourced.

With the company becoming net debt-free last September and subsequently paying off its term loan at the start of this year, there isn't much left to spend on beyond supportive marketing investments and brand acquisitions to round out the portfolio. With the significant free cash-flow growth we expect and a modest dividend payout ratio of under 5%, Tilaknagar Industries could afford to materially increase its dividend or begin repurchasing shares as early as this year, leading to a mid-teen annualised return over the next few years. At 33x our estimate of current year earnings, Tilaknagar is not "cheap", yet its valuation is a discount to peers such as Radico Khaitan (58x), despite its leadership position in a rapidly growing category. Given our expectation of over 20% annualised growth in free cash flow over the next few years, supported by an improved capital allocation framework, we believe the risk-reward is attractive.

Key risks include growth slowing in key markets, weak response to new products, market share loss, quality issues from contract manufacturing, regulatory challenges, higher marketing costs, raw material inflation, and execution issues in new geographies. However, management's track record, characterised by double-digit growth, prudent cost management, margin expansion, and repayment of debt give us confidence in their ability to navigate these challenges alongside their alignment with shareholders. A unique feature of investing in India is that insiders own almost one-third of the total capitalisation of companies listed on the National Stock Exchange of India. Tilaknagar is no exception as the founding Dahanukar family owns over 40% of shares outstanding and are actively involved in its operations. We will be visiting Tilaknagar's facilities and meeting the Dahanukar family in India later this year.

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

Year	Jan (%)	Feb (%)	Mar (%)	Apr (%)	May (%)	Jun (%)	Jul (%)	Aug (%)	Sep (%)	Oct (%)	Nov (%)	Dec (%)	Annual
2025	1.6												**1.6**
2024	3.3	-3.1	1.9	1.1	2.7	-0.9	0.7	1.5	-1.4	-0.3	0.4	0.5	**6.5**
2023	0.7	0.8	0.1	3.4	-1.7	-0.9	0.8	2.5	4.9	0.9	-0.4	-0.1	**11.4**
2022	-1.7	-3.2	-3.3	3.4	0.4	-5.2	4.5	0.4	-0.4	0.5	4.1	6.2	**5.2**
2021	-2.6	1.4	2.7	3.0	0.7	-0.9	2.2	1.2	1.9	-3.9	1.7	2.3	**10.0**
2020	-4.8	-6.6	-5.4	4.6	-1.0	2.2	-4.5	-10.3	5.3	-0.8	-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	-4.5	0.8	**7.3**
2018	-4.4	5.8	-0.9	3.3	2.8	5.9	1.8	4.0	1.0	0.7	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**

Risk Warning

This document is issued by Ennismore Fund Management Limited ("Ennismore", "the Company") which is authorised and regulated by the Financial Conduct Authority. This document is confidential and is intended solely for the information of the recipient. This information should not be reproduced or disseminated in any form without the prior written permission of Ennismore Fund Management Limited.

Please refer to the relevant prospectus, supplement and to the KIID before making any final investment decisions.

A copy of the English version of the Prospectus of the Fund and the Key Investor Information Document (KIID) relating to the Fund may be obtained online from www.ennismorefunds.com or received via email upon request by contacting clients@ennismorefunds.com. Where required under national rules, the KIID will also be available in the local language of the relevant EEA Member State.

A summary of investor rights associated with an investment in the Fund is available online in English at www.ennismorefunds.com or it may be received upon request via email by contacting clients@ennismorefunds.com.

This document is for information purposes only and is not an offer to sell or an invitation to buy shares in Ennismore Global Fund (the "Fund"). In particular, it does not constitute an offer or solicitation in any jurisdiction where it is unlawful or where the recipient may not lawfully receive any such offer or solicitation. It is the responsibility of any person in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of relevant jurisdictions.

Content in this document is provided for information only and is not intended for trading purposes. Any information and opinion in this document is subject to change by the Company without prior written notice. Nor does it provide any form of advice amounting to investment advice or make any recommendations regarding particular financial instruments or investment products. Use of this document is no substitute for obtaining proper investment advice from an authorised investment professional.

Although the Company considers the content of this document to be accurate at the time it was written, we do not guarantee the accuracy of the information presented or of our opinions. The factual information contained in this document may become inaccurate as a result of the passage of time and should therefore be read for historical information only. All forecasts are subject to risks and uncertainties that may cause actual results to differ materially from those which were expected.

This document is not intended to provide a complete description of the investment, research and due diligence process utilized by Ennismore. Ennismore may modify its investment process and method for evaluating portfolio investments in any manner that it deems appropriate without notice to investors. The information contained herein may be approximate and is used to show the overall investment management process that Ennismore engages in.

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.
Past performance is not indicative of future results.

Additional Information for Recipients in Switzerland

The Fund has not been approved for distribution in or from Switzerland by the Swiss Financial Market Supervisory Authority. As a result, the Fund's shares may only be offered or distributed to qualified investors within the meaning of Swiss law. The Representative of the Fund in Switzerland is Auris Wealth Management SA with registered office at Boulevard des Philosophes 15, 1205 Geneva, Switzerland. The Paying Agent in Switzerland is Banque Heritage, with registered office at Route de Chêne 61, 1208 Geneva, Switzerland. The place of performance and jurisdiction for Shares of the Fund distributed in or from Switzerland are at the registered office of the Representative.

For further information please contact:	Margaret Webb, Ennismore Fund Management	+44 (0) 20 7368 4250	clients@ennismorefunds.com
For dealing please contact:	Northern Trust International Fund Administration Services (Ireland) Ltd	+353 (0) 1 434 5103	Ennismore_TA_Queries@ntrs.com

Warning: This newsletter is issued by Ennismore Fund Management Limited, authorised and regulated by the Financial Conduct Authority. Past performance is not necessarily a guide to future performance. The value of shares can go down as well as up and is not guaranteed. Changes in rates of exchange may also cause the value of shares to fluctuate. Any reference to individual investments within this newsletter should not be taken as a recommendation to buy or sell. This newsletter should be read in conjunction with the full text and definitions section of the Prospectus dated 25 February 2022 and Supplement thereto. The Prospectus, Supplement and Key Investor Information documents are available in English at www.ennismorefunds.com