Listed Private Assets Fund

Q4 2023 Commentary

Portfolio Management

Arnaud Gandon

Investment Objective

The Fund aims to produce high single digit returns, from a combination of capital appreciation and income, with a targeted annual yield of 4-5%. The investment philosophy of the Fund is founded on the premise that exposure to private assets should earn a premium over listed equities and bonds over time.

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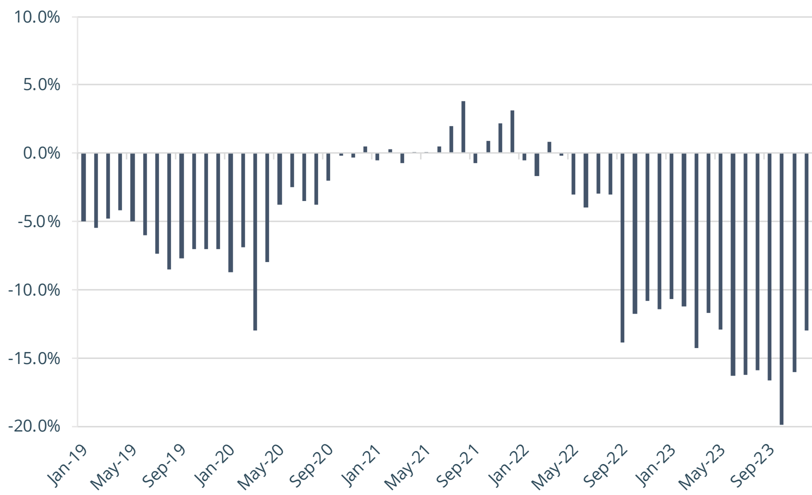
Opinions expressed whether in general or in both on the performance of individual investments and in a wider economic context represent the views of the contributor at the time of preparation.

The strategy was up +10.8% in the fourth quarter of 2023, after a powerful rally in November and December, where the fund returned +9% and +8%, respectively. This 17% increase in the value of our assets came as a result of slower inflation and a more dovish Federal Reserve. Our previous quarterly commentary contended that the catalyst needed to unlock value in our heavily discounted holdings was the prospect of lower yields. A meaningful rally in both the short and long end of the yield curve in the US, Europe and the UK provided a strong backdrop for narrowing the discounts to net asset values across our holdings.

Weighted Average Fund Discount



Source: Heptagon Capital, Jefferies

Our weighted average discount reached a low of -20% at the end of October, and rallied all the way back to -12%, which is still well below our typical, expected range of -4% to -5%. The rally was driven primarily by our Real Estate exposure in the US and the UK. REITS outperformed most assets during this rally and generated strong, double-digit returns across our holdings.

Starting with Alexandria Real Estate Equities, our life science property specialist, this position returned +27% during Q4. Alexandria is celebrating its 30th anniversary as the first and only publicly traded pure-play life science REIT. The company created the first-ever REIT uniquely focused on the critically important life

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science industry with its founding on January 5th 1994. Over the past three decades, the company has transformed life science real estate from a specialty niche to a compelling mainstream asset class. It has a total market capitalisation of $28.3 billion and an asset base in North America of 75.1 million square feet as of September 30, 2023. Alexandria has a longstanding and proven track record of developing Class A/A+ properties clustered in life science, agtech, and advanced technology mega campuses that provide innovative tenants with highly dynamic and collaborative environments. This, in turn, helps their tenants to successfully recruit and retain world-class talent and foster productivity, efficiency, creativity, and success. Alexandria also provides strategic capital to transformative life science, agrifoodtech, climate innovation, and technology companies through its venture capital platform. Half of all FDA-approved therapies since 2013 have come from Alexandria's tenants, demonstrating the company's meaningful impact on human health. Alexandria's unique business model and diligent underwriting ensures a high-quality and diverse tenant base, resulting in higher occupancy levels, longer lease terms, higher rental income, higher returns, and greater long-term asset value. We continue to believe that Alexandria will be a strong driver of returns for our strategy going forward, with a 5.7% position size as of December 31st.

The best-performing holding during the fourth quarter was the PRS REIT, with a +28% total return. It is the UK's largest developer of family rental homes, and the company staged a comeback following a challenging environment, as investors anticipated its dividend to be covered as revenue increased. The stock has also been buoyed by hopes that interest rates will fall in 2024, relieving some of the pressure on its finances and property valuations. PRS's annual and first-quarter results, published together in October, showed that the Trust was achieving significant scale and benefiting from strong rental growth thanks to the national shortage of affordable homes. PRS passed a landmark in April when it built its 5,000th home. The portfolio's expansion boosted the company's rental income, and total revenue was 17% higher at £40.2m in the year to June 30th. Like-for-like rents rose by 7.5% also. Homes re-let to new tenants achieved even higher rental growth of 12%. We believe that the lack of affordable housing and the prohibitive cost of buying a house given the current level of interest rates should support the outlook for the private rental sector in the UK. The company's discount went as low as 45% in October and has since narrowed back to a 30% discount. PRS was a 5% position as of December 31st.

PRS REIT: NAV & Share Price – 5 Year

Source: FactSet, Hargreaves Lansdown

Our Private Equity holdings also enjoyed a strong re-rating in Q4. 3i Group returned +18% during this period as the fundamentals for its largest asset, discount retailer group Action, remain strong and on track to deliver another strong double-digit growth return in 2023. It is worth noting that we managed to accumulate some shares at a discount to net asset value in contrast to the current 20% premium on offer.

The worst performer during the quarter was our holding in music royalty company Hipgnosis, with a negative -10% total return. We have covered this holding extensively in our recent commentaries, but the bottom line is that the Hipgnosis

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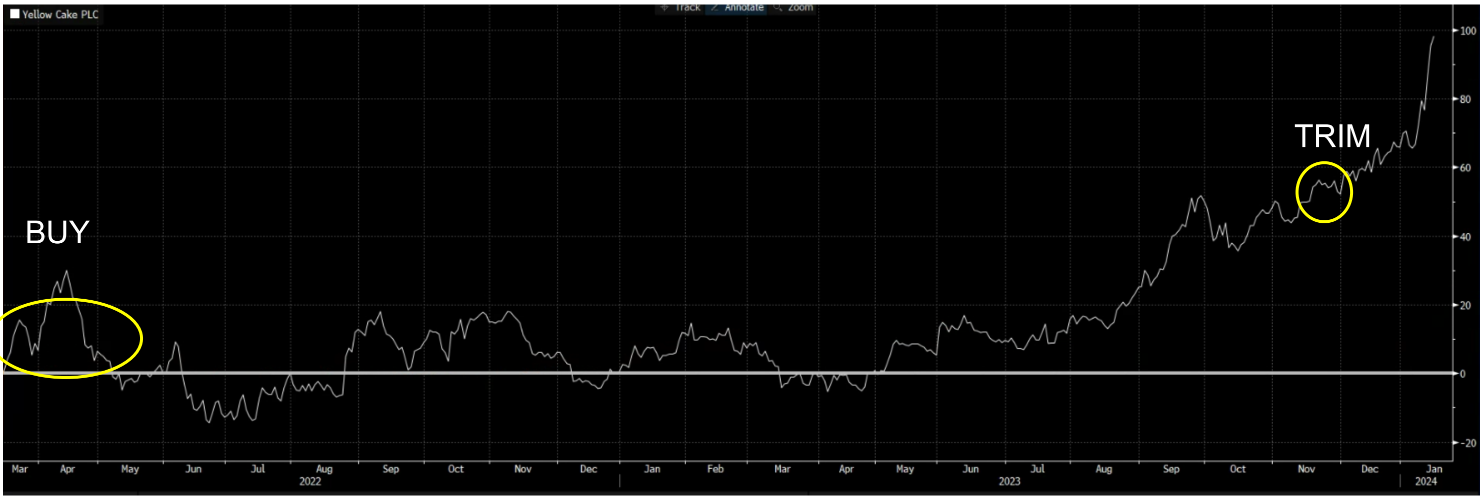
management has been asked to propose alternative terms for future advisory arrangements, and if they fail to do so, the Board will explore alternative proposals. In our view, the current -50% discount to net asset value reflects current shareholders' distrust of management rather than the true value of the underlying assets. Hipgnosis is now one of our smallest positions with a +3% weight.

Finally, our position in Yellow Cake, the uranium investment company, continued to deliver strong returns with a +10% total return for Q4. We believe nuclear energy has a key role in lowering CO_2 emissions for decades to come and that the lack of investment in mining and enrichment projects has created a supply and demand imbalance of epic proportions. We have been taking profits and have trimmed our positions as the price increased and have generated a 60%+ since our first purchased in 2022.



Source: Bloomberg

We enter 2024 with a pragmatic yet optimistic view of our underlying assets. Slower inflation, combined with looser financial conditions and decent economic growth, should help support our sectors and holdings, particularly if rates have truly peaked. With insight, the magnitude of the bond market rally in Q4 was probably discounting too many rate cuts going into 2024. Those aggressive assumptions are now being tested by the markets, but we believe that on balance, the backdrop for our strategy is very attractive given the above conditions and the level of discount on offer for many of our holdings. We expect our Real Estate holdings to continue their strong recovery and deliver better adjusted return as financial conditions normalise following some volatile years.

We would like to thank our investors for their patience and confidence.

Kind regards,

Arnaud Gandon, Portfolio Manager

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