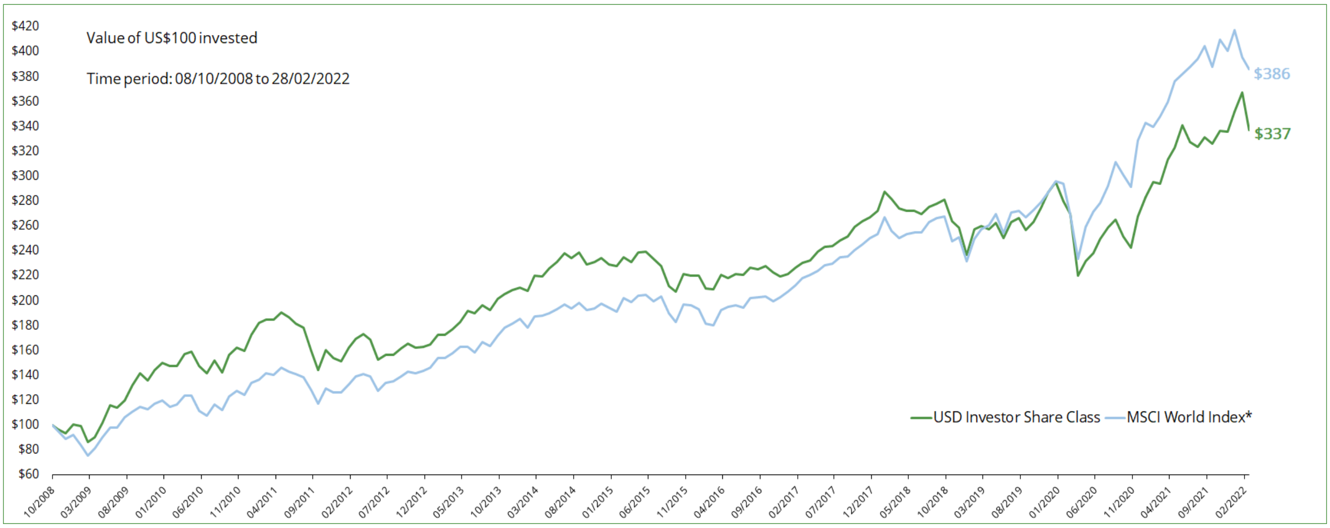
RANMORE GLOBAL EQUITY FUND PLC

# FEBRUARY 2022

| 28 February 2022 | Returns currency | CUMULATIVE RETURNS Month to date | Year to date | Latest 1 year | ANNUALISED Latest 3 years | Latest 5 years | Latest 10 years | (1) Since inception | Date of inception |
|---|---|---|---|---|---|---|---|---|---|
| Ranmore Global Equity Fund USD Investor Class | USD | (8.2%) | (4.2%) | 14.8% | 9.0% | 7.9% | 7.1% | 9.5% | 08 Oct 08 |
| *MSCI World Index | USD | (2.5%) | (7.7%) | 10.7% | 14.4% | 12.0% | 10.7% | 10.6% | |
| Ranmore Global Equity Fund GBP(3) Investor Class | GBP | (8.0%) | (3.4%) | 19.2% | 8.6% | 6.2% | 9.0% | 8.7% | 30 Jun 10 |
| Ranmore Global Equity Fund EUR(3) Investor Class | EUR | (8.1%) | (2.9%) | 23.5% | 9.5% | 6.7% | 9.0% | 8.5% | 30 Jun 10 |
| Ranmore Global Equity Fund USD Advisor(2) Class | USD | (8.3%) | (4.3%) | 14.2% | 8.5% | 7.4% | 6.6% | 5.2% | 26 Jan 11 |

**Past performance is not necessarily an indication of future performance or returns. Capital is at risk. Source of all performance and holdings figures: Ranmore Fund Management Ltd and Morningstar Direct (unless otherwise stated)**

## PERFORMANCE GRAPH




## COMMENTARY

Your Fund has only been in existence for 13 years, but even over this short period we have endured our fair share of crises - the Global Financial Crisis in 2008, Fukushima and the European Crisis in 2011, and Covid-19. Yet notwithstanding all these crises, your fund has compounded returns at 9.5% per annum.

My investing career since 1997 includes a few more crises, each one serving as a reminder that if you're holding decent, cash generative businesses at reasonable valuations, holding your nerve and investing more in the tough times is the best way to enjoy high returns.

We know how difficult that is, because we're the ones staring at screens and spreadsheets all day, but if you want to invest successfully, it's unfortunately necessary. If it was easy, everyone would be rich.
But don't take our word for it – Warren Buffett is filmed in a YouTube interview saying, "If you have a temperament that when others are fearful, you're going to get scared yourself, you are not going to make money in securities over time".
Many of his purchases have been in the depths of despair, when he acquired businesses at great prices – "well bought is half sold".

Nightmares happen at night, so there is always the urge to think of the worst-case scenarios in the darkest of times. Right now, investors are asking, "Could Poland or other European countries be next?, "What if there's a nuclear war?" etc., so it's perhaps helpful to remind ourselves that:

***Commentary continued overleaf*** 

## COMMENTARY

After 9/11, minds raced to other potential targets terrorists could attack – underground trains, cruise ships, buses. After the Fukushima nuclear accident in March 2011, there were concerns that large swathes of Japan could be uninhabitable.

In March 2020, early predictions of Covid deaths were 2.2m in the USA and 510k in the UK. Thankfully, it has been less than half of that.

In each situation, other than in the minds of investors who sold at the bottom, the worst-case scenarios did not play out and those who held on were richly rewarded.

What helps us hold our nerve at these critical times is focusing our attention on what we think the companies are worth. We apply conservative assumptions and ask ourselves what an astute businessperson might pay for the entire business. If the traded price is lower than this value, we relax and buy more.

Crises always uncover new opportunities and often they're when you get to buy great businesses that were too expensive previously and so we always search for "diamonds in the dust" at these times.

February was very disappointing for the Fund. We did not expect Russia to invade. We did not expect the world to remove Russia from the SWIFT system. We thought buying companies like Surgutneftegas at half the value of the net cash on the balance sheet, and local giants Gazprom and Sberbank at 25% dividend yields, provided us a margin of safety. We were wrong and have therefore disappointingly given back a large part of our year-to-date outperformance. As co-investors in the fund, that is as frustrating for us as it is for you.

But that is now history. We have not sold our shares in the few Russian companies we hold. At 0.6% of the portfolio, they represent a rounding error and to sell them would remove the optionality any resolution might have. We know that the concept of a resolution seems impossible to consider right now, but Russia is being economically strangled by the West and 145m people won't tolerate being strangled for too long. So hopefully the Russian people and Oligarchs will rise-up against the tyranny and display some of the incredible bravery we've all witnessed from Ukrainians. As we write, China is offering to play a role in a ceasefire and as Russia's last trading partner, perhaps Putin has to listen. Strange things often happen and so if we've already paid the price, at least be exposed to any potential upside.

The ramifications of the Russian invasion on global companies will be broad and each day brings new insights into the effects this crisis will have on companies and the economy. Surging global energy and grain prices will be inflationary and extract spending power from consumers – estimates are at least £700 per UK household. Images of war also dent consumer confidence. While Russia is small in the global economy, its population is still twice the size of the UK, Spain or France and in certain areas like luxury goods, the loss of their buying power will be significant. There are few large multinational companies that don't have direct or indirect exposure to Russia and the weeks ahead will bring news of how much. In this imperfect world, it is a concern that many of these large caps are priced for perfection.

So how does one protect and grow one's wealth in such an environment?

We think that holding a portfolio of solid companies that are generating substantial free cash flow and buying back shares on single-digit earnings multiples is the best way to protect our wealth, particularly if they are smaller in size with a more regional focus like Kohls, a US-based chain of department stores. We hold many small and mid-cap companies.

After month-end, top 10 holdings like HP, Bayer and Kohls all reported solid numbers. Where relevant, they have all factored Russia into their encouraging earnings guidance and at single-digit earnings multiples with forecast earnings growth, we think the companies offer compelling value. HP and Kohls also have large share repurchase programs underway, so this pullback offers them an opportunity to add shareholder value at these great prices.

We hope that is helpful but if you're an investor and you'd like to speak further to help you through this "nightmare until morning", please get in touch.

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**FEBRUARY 2022**

| ASSET ALLOCATION | % |
|---|---|
| Equities | 99.1 |
| Cash and equivalents | 0.9 |

| REGIONAL ALLOCATION | % |
|---|---|
| North America | 36 |
| Europe | 34 |
| Asia | 19 |
| Emerging markets | 10 |
| Cash and options | 1 |

| PORTFOLIO SPREAD | |
|---|---|
| Largest Position Size | 6.9% |
| Top 5 Holdings | 22.6% |
| Top 10 Holdings | 39.3% |
| Average position size | 2.3% |
| Active Share | 99% |

| SECTOR ALLOCATION | % |
|---|---|
| Communication Services | 8 |
| Consumer Discretionary | 18 |
| Consumer Staples | 3 |
| Energy | 13 |
| Financials | 22 |
| Health Care | 3 |
| Industrials | 7 |
| Information Technology | 12 |
| Materials | 13 |
| Real Estate | 0 |
| Utilities | 0 |
| Cash and options | 1 |

| VALUATION | FUND | MSCI* |
|---|---|---|
| Price/Earnings (T+1) | 7.0 | 17.0 |

| CONTACT | |
|---|---|
| Investment Manager | Ranmore Fund Management Ltd |
| Portfolio Manager | Sean Peche |
| Telephone | +44 1932 864 651 |
| Email | clientservices@ranmorefunds.com |
| Website | www.ranmorefunds.com |
| Depositary | Société Générale S.A. |
| Administrator | Apex Fund Services |
| Legal | Walkers |
| Auditor | Mazars |

| MONTH-END DATA | |
|---|---|
| Share price USD Investor Class | $337.35 |
| Share price GBP Investor Class | £265.03 |
| Share price EUR Investor Class | €259.56 |
| Share price USD Advisor Class | $174.92 |
| Fund size | $78m |

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The investment objective is to outperform the MSCI World Index* and to provide capital growth over a medium to long-term time horizon.

South African investors

Ranmore Global Equity Fund plc is approved in terms of section 65 of the Collective Investment Schemes Control Act (2002) for marketing and distribution in the Republic of South Africa. This factsheet is a Minimum Disclosure Document (MDD) as required by the Financial Sector Conduct Authority (FSCA) of South Africa.

Collective Investment Schemes (CIS) are generally medium to long-term investments. The value of shares in the Fund may go down as well as up, and past performance is not necessarily an indication of future performance or returns. Neither Ranmore Fund Management Ltd nor Ranmore Global Equity Fund plc provides any guarantee with respect to capital protection of the Fund's returns. Collective Investment Schemes trade at ruling prices and can engage in borrowing. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used.

The Total Expense Ratio (TER) is a measure of how much of the Fund's assets are relinquished as payments for services rendered in the administration of the Fund. Transaction Costs are a measure of the costs incurred in buying and selling the underlying assets of the Fund. Both the TER and TC are expressed as a percentage of the daily NAV of the Fund calculated over a period of three years on an annualised basis.
Over the period 01/01/19 to 31/12/21:

| | |
|---|---|
| Total Expense Ratio | 1.36% |
| Transaction Costs | 0.20% |
| Total Investment Charge | 1.56% |

A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.
A schedule of fees and charges and maximum commissions is available on request from the manager

Ranmore Global Equity Fund plc is an accumulation fund. As such, there have been no distributions over the past 12 months.
Highest return over any rolling 12-month period: 97.7%. Lowest return over any rolling 12-month period: (19.7%)

Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

Representative Office: Prescient Management Company (RF) (Pty) Ltd, **Registration number**: 2002/022560/07 **Physical address**: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 **Postal address**: PO Box 31142, Tokai, 7966. **Telephone number**: 0800 111 899.
Please note the Representative office changed from Bateleur Capital (Pty) Ltd to Prescient Management Company (RF) (Pty) Ltd.

The portfolio has adhered to its policy objective. The asset allocation / composition has changed as follows, with the Fund ceasing to hold put options (derivatives) as at the end of the current quarter and the Fund being more fully invested in equities (therefore a lower cash balance) than the previous quarter:

| | **Previous quarter** | **Current quarter** |
|---|---|---|
| Equities | 96.2% | 95.5% |
| Derivatives | 0.2% | 0% |
| Cash and equivalents | 3.6% | 0.5% |
| **Total** | **100.0%** | **100.0%** |

| **Share Class** | **USD Investor** | **GBP Investor** | **EUR Investor** | **USD Advisor** |
|---|---|---|---|---|
| Number of participatory units | 155,098.0452 | 46,678.5926 | 4,436.0131 | 70,069.2710 |
| NAV per participatory unit | $352.11 | £274.2914 | €267.2985 | $182.7207 |

The issue date of this Minimum Disclosure Document is 02 March 2022.

Glossary of terms
**Annualised performance**: Annualised performance show longer term performance rescaled to a 1 year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request.
**Highest & Lowest return**: The highest and lowest returns for any 1 year over the period since inception have been shown.
**NAV**: The net asset value represents the assets of a Fund less its liabilities.

***Continued overleaf*** 

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## NOTES AND DISCLAIMERS (CONTINUED)

Fund details

The Fund's benchmark is the MSCI World Index, which is a broad global equity benchmark that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and does not offer exposure to emerging markets.

Share class information

(1) Includes a period when the fund was incorporated in Jersey between 26/8/08 and 29/09/11.
(2) The USD Advisor class carries an additional 0.5% p.a fee which is paid to the financial intermediary.
(3) The Ranmore Global Equity Fund GBP and EUR classes are not currency hedged classes. The difference between the returns in these classes and the USD class is due only to changes in the GBP/USD and EUR/USD exchange rates over the measurement period
(4) The ongoing charges figure (OCF) of 1.36% has been calculated based on operating expenses of the Fund for the 12 month period ended 31/12/20 as a percentage of average Fund net assets of $82m over the same period. The OCF includes all fund operating expenses for the USD, GBP and EUR investor classes, but excludes the 0.5% payable to the financial intermediary for the USD Advisor class. The OCF does not include transaction costs.

**Risk and Reward Profile**

Lower risk ← → Higher risk

Typically lower rewards — Typically higher rewards

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

The Fund is in risk category 6 due to the historic performance of the NAV per share.

- Historical data may not be a reliable indication of the future.
- Risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean a "risk free"

Investment in the Fund carries with it a degree of risk (which may change over time) which may not adequately be captured by the risk indicator:

- Market risk - changes in economic conditions can adversely affect the prospects of the Fund.
- Currency risk - the Fund invests in global equities denominated in different currencies, predominantly USD, JPY, EUR and GBP. The underlying currency exposure is not hedged in any of the classes.
- Operating risks and the risks relating to the safekeeping of assets.
- Custodial risks including safe keeping of assets.
- The Fund's exposure to an instrument or counterparty may be increased as a result of its use of FDI, but such exposure or leverage will not exceed 100% of NAV at any time.
- For more details, please refer to the section of the Fund's Prospectus entitled "Risk Factors".

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