

SLATER GROWTH FUND - GBP

INVESTMENT RESEARCH NOTE
MARCH 2024

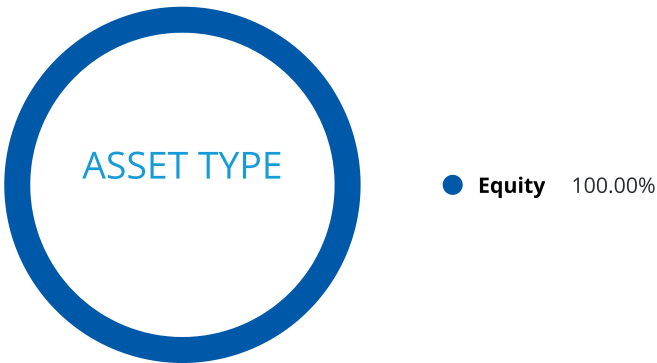
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SUMMARY

Slater Investments is a UK based firm founded in 1994 focusing on UK equity products. Co-Founders are Mark Slater, son of well-known financier Jim Slater, and Ralph Baber.

Mark Slater acts as CIO and co-founder of Slater Investments. He is a veteran fund manager having managed money at Slater Investment since 1994. He has managed the Slater growth fund since its inception in 2005. He is supported by 3 very experienced analysts, who have a combined 80 years experience researching and analysing companies.

The fund aims to achieve long-term capital growth through a fundamental bottom up approach. It is a concentrated portfolio of 25-50 stocks, predominately invested in smaller sized UK listed companies, but have the remit to invest abroad. Mark Slater holds shares he believes to be undervalued, and that show the potential to provide sustainable long-term growth. Fund AUM is c. £1bn (as at December 2022) with a further £c.1bn of capacity left. There is a liquidity risk with the small cap focus in the fund strategy and the large size of the fund.



INVESTMENT PROCESS

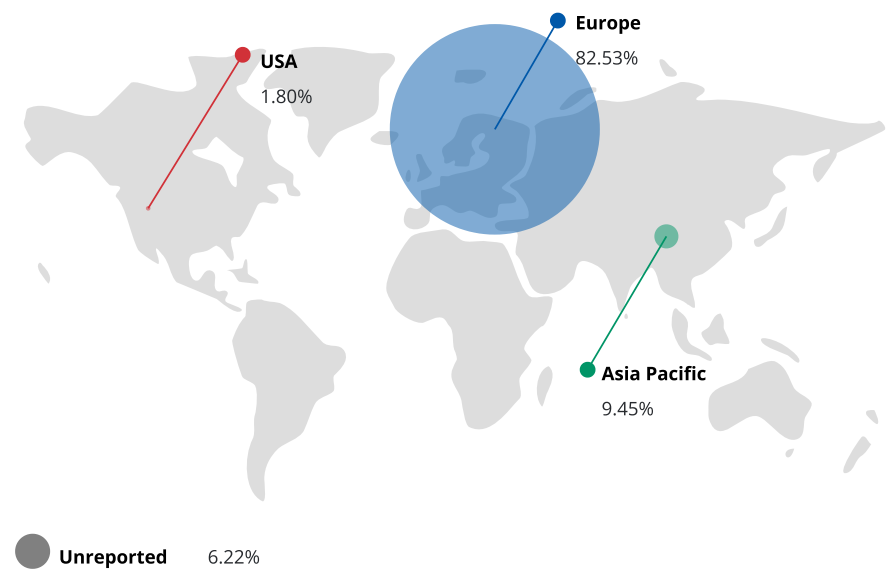
The investment process is described by the manager as "pure growth" and revolves around a bottom up investment approach, which includes a key valuation tool and fundamental analysis.

- 1) The key valuation metric is the Importance of the price/earnings to growth ratio, known as PEG as a filter for ideas. This is designed to offer an insight into what valuation the market is placing on the rate of growth (usually calculated over 3 years, often with 1 years' historic and 2 years' prospective growth rates used) as opposed to a static measure of the valuation based on 1 years' absolute level of earnings. As a "pure growth" strategy, the fund wishes to own growth, but not overpay for it. The use of PEG analysis allows the fund to justify higher valuations for stocks if higher (and sustainable) growth is on offer.
- 2) The team's in-depth fundamental bottom-up analysis looks for additional characteristics when screening for possible growth prospects:
 - Strong balance sheets and cash flow that is not economically sensitive.
 - Evidence that a company has a competitive advantage - a high market share, brand name, or other factors which may add to the investment outlook
 - Whether the company has sustainable and above-average earnings growth prospects
 - An absence of heavy directors' selling and ideally some recent buying activity
 - Positive recent trading statement
- 3) if the PEG valuation is attractive and the bottom up fundamental analysis is supportive, the team will then meet management to test their understanding of the strategy, technology, market positioning, industry background and credibility of the management.

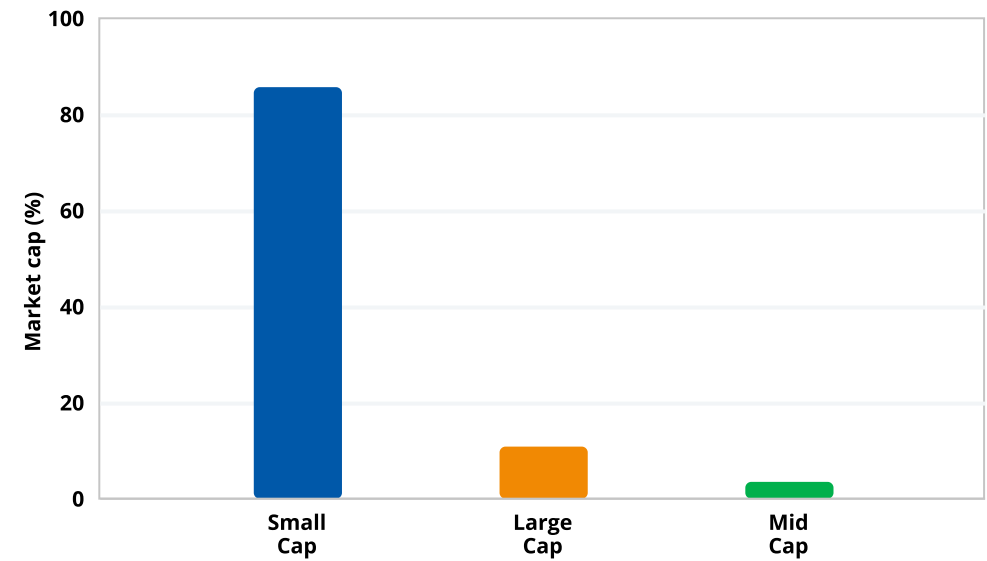
The fund is benchmarked to the FTSE All-Share Index, but is clear that the manager is benchmark agnostic, albeit it typically has a heavier weight allocated to smaller cap stocks; the lack of any holding in so-called 'mega-caps' (hence the high active share for the fund), the highly concentrated nature of the portfolio, usually sub-50 holdings and the ability to run large individual 'bets' away from the all-share benchmark, often of up to 8%. This is one reason why the fund can have periods of volatility in excess of the FTSE All-share Index.

AGGREGATED NET EXPOSURE

REGIONAL EXPOSURE



EQUITY MARKET CAP (%)



OVERALL PERFORMANCE

● MFM Slater Growth P Acc ● FTSE Small Cap ex-IT Total Return

GROWTH (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



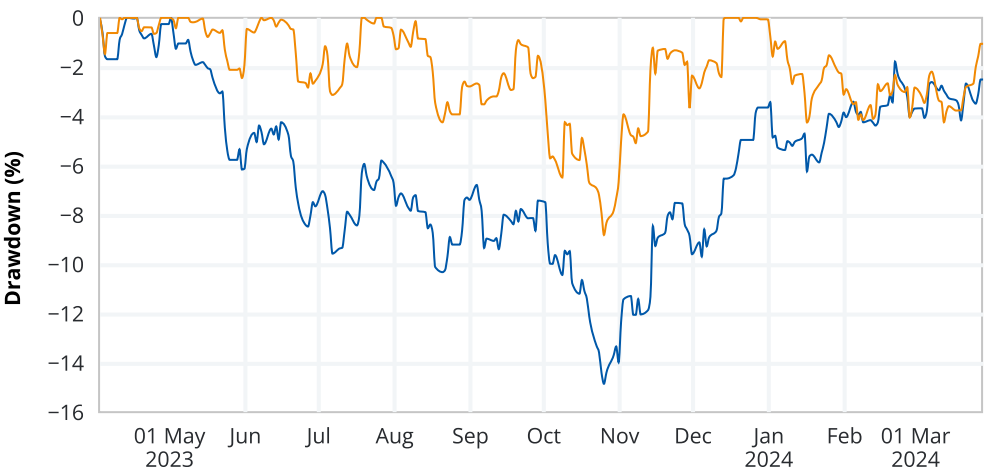
GROWTH (%) - FROM INCEPTION

2 Jun 2008 - 29 Mar 2024



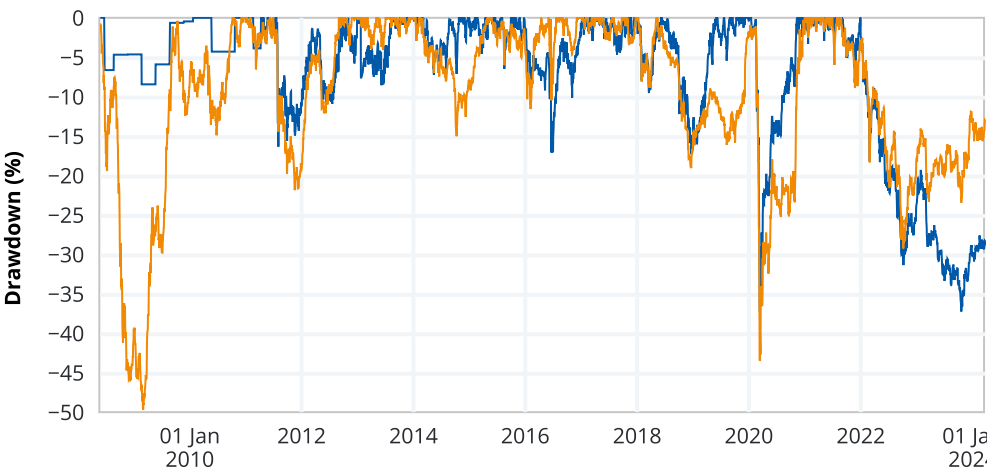
DRAWDOWN (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



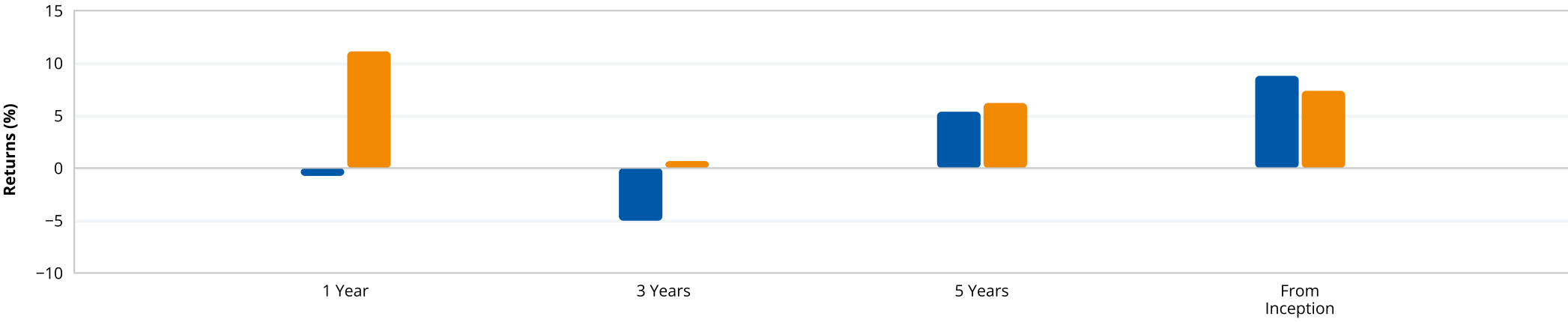
DRAWDOWN (%) - FROM INCEPTION

2 Jun 2008 - 29 Mar 2024



RETURNS

MFM Slater Growth P Acc FTSE Small Cap ex-IT Total Return



MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	-0.59	0.41	1.37										1.18
2023	5.21	-0.18	-7.17	0.51	-4.95	-1.59	1.33	-0.94	-0.13	-6.39	5.17	5.72	-4.37
2022	-6.34	-4.39	1.70	-3.01	-3.36	-6.89	2.89	-5.40	-8.63	1.40	3.81	0.87	-24.94
2021	0.10	5.00	4.08	6.82	2.22	0.99	2.17	4.38	-1.56	-0.68	-2.06	4.84	29.16
2020	1.49	-10.88	-17.43	10.22	4.60	2.73	-1.02	6.48	1.12	-0.40	9.54	7.00	10.05
2019	1.83	3.60	4.00	6.81	1.78	-1.18	2.65	-0.43	0.86	2.55	3.61	6.81	37.87

Capped to 6 years.

ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
MFM Slater Growth P Acc	-0.75	-5.02	5.37	8.79
FTSE Small Cap ex-IT Total Return	11.12	0.67	6.20	7.36

CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
MFM Slater Growth P Acc	-0.74	-14.24	29.74	277.24
FTSE Small Cap ex-IT Total Return	11.03	2.01	34.94	206.18

MFM Slater Growth P Acc FTSE Small Cap ex-IT Total Return

PERFORMANCE - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024

RETURNS (%)	-0.75	11.12
VOLATILITY (%)	10.56	10.65
ALPHA	-0.48 *	
BETA	0.89 *	1.00
CORRELATION	0.93 *	1.00
SHARPE RATIO	-0.51	0.54
SORTINO RATIO	-0.74	0.83
MAX DRAWDOWN (%)	-14.85	-8.81

*Calculated over a 3 year period where history permits.

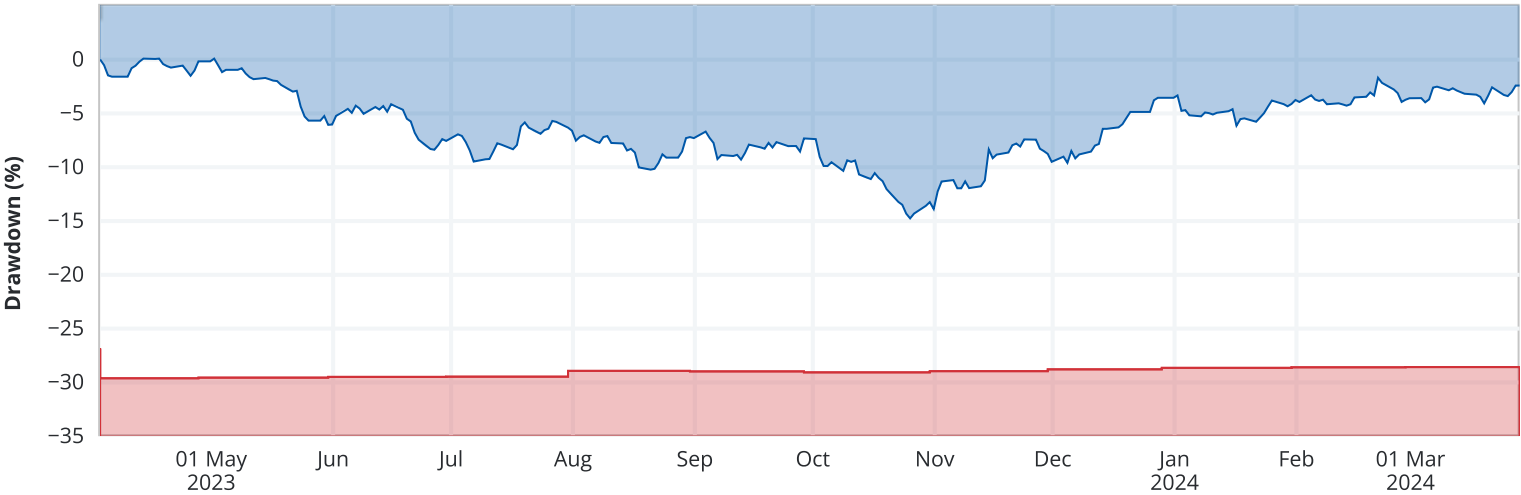
PERFORMANCE - FROM INCEPTION

2 Jun 2008 - 29 Mar 2024

RETURNS (%)	8.79	7.36
VOLATILITY (%)	14.59	14.01
ALPHA	0.39	
BETA	0.47	1.00
CORRELATION	0.65	1.00
SHARPE RATIO	0.52	0.43
SORTINO RATIO	0.75	0.58
MAX DRAWDOWN (%)	-37.24	-49.32

SIMPLE STRESS TEST DRAWDOWN (%)

3 Apr 2023 - 29 Mar 2024



Stress test notes

The chart shows the calculated drawdown over the last year. The Review Point is the fund intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown hit the review point, then this indicates that market conditions may be abnormal. This is the point that we would consider taking immediate action for an extreme market event.

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