

# JO HAMBRO UK DYNAMIC FUND - GBP

INVESTMENT RESEARCH NOTE  
FEBRUARY 2024

Risk warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested. Our views are based upon our understanding of current legislation in England. Levels and bases of, and reliefs from, taxation are subject to change and their value to you will depend upon your personal circumstances. You should not act on any of the information without seeking professional advice. clarity Ltd is authorised and regulated by the Financial Conduct Authority (FCA).

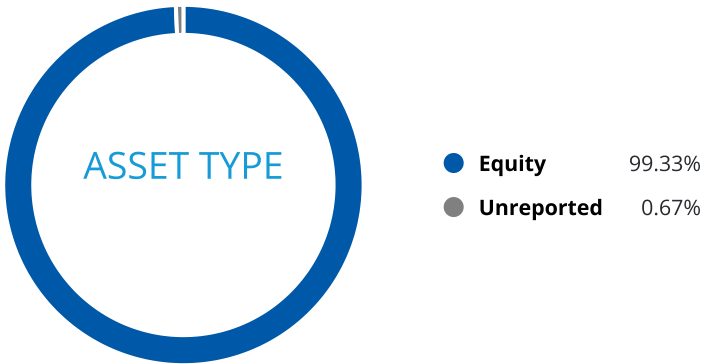
SUMMARY

JO Hambro is an active, long-only investment management company specialising in equities. It has offices across Europe, the US and Asia. Investment managers are given a high degree of autonomy in their decision-making process to encourage a diversity of views.

The management team is comprised of Alex Savvides (PM - 27 years industry experience) and Stephanie Geary & Siddharth Sukumar (Analysts). The fund is one of four differentiated UK equity strategies in the JO Hambro range, accordingly the team also benefit from the input of 8 other UK equity-focussed personnel. Tom Matthews was the analyst on the fund until Jan 2022, when he moved to manage Sustainable mandates at JOHCM.

The JO Hambro UK Dynamic Equity Fund is a long-only, multi-cap, bottom-up stock selection strategy, which adopts a 'change-focused' approach to investing in the UK equity market across small, mid and large cap stocks. The fund is benchmarked to the FTSE All Share TR Index, and will typically hold 35-45 stocks. The fund was launched in June 2008.

Investors should note that there is a performance fee for this fund, for net returns in excess of the benchmark (subject to a high-water mark). There is also potential key person risk with the lead manager Savvides, as he is the central figure for the strategy.



INVESTMENT PROCESS

The team believe corporate change is frequently ignored or underappreciated by stock market investors. They seek to generate consistent outperformance by investing in stocks where ongoing corporate change creates a positive risk/reward profile.

Ideas are generated through the team's internal research, screening tools and external sources. Internal research is the primary source of idea generation. Companies of interest for the portfolio will likely have "gone bad", leading to poor share price performance and requiring managerial or strategic change in order to improve returns. The fund will usually invest in established companies.

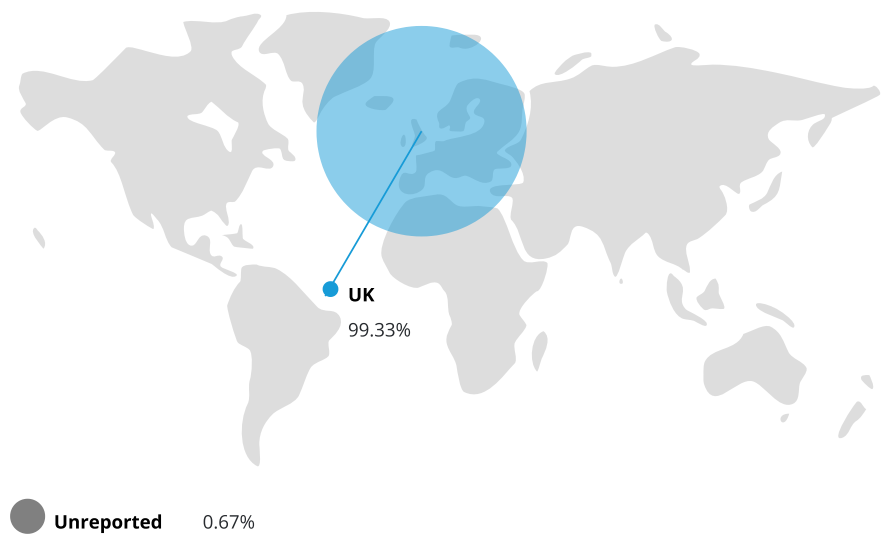
The team employ the following disciplines at the company, management and portfolio level.

- Investments are targeted towards mismanaged business with proven business models, a history of higher returns and in structurally sound market sectors. The team seek to identify clear opportunities for improving returns on capital and understand in detail why returns have historically degraded. To maintain focus on the "right" type of company, the team will only invest in companies expected to pay a dividend in the next financial year.
- Meetings with company management are a key part of the process, as management are viewed as key to value creation. The team seek openness from their investee companies and aim to gain a deep understanding of management's corporate strategy, with a particular focus on aspects such as cash generation and balance sheet efficiency
- Portfolio construction aims to prudently manage stock, sector and portfolio risk. Stocks held in the portfolio will have a "margin of safety" based on valuation, but should also have a catalyst in the form of improved shareholder outcomes derived from corporate change.

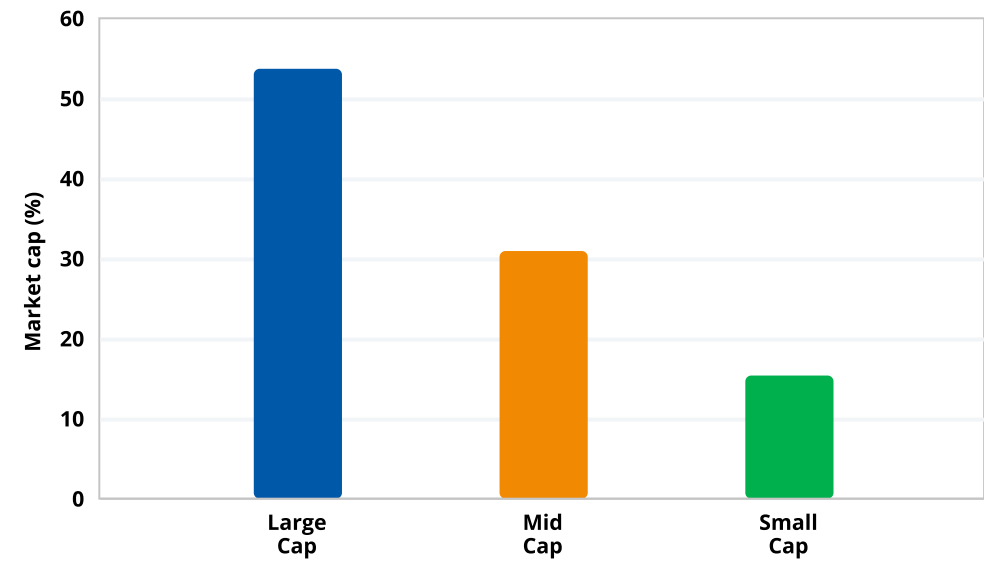
The fund will typically invest in 35-45 companies, with free-float market capitalisation in excess of £100m. Companies are limited to a maximum weight of 6.0%. Stocks are sold when they are deemed to be trading at a premium to fair value, more attractive return opportunities exist or the investment thesis is fundamentally compromised.

# AGGREGATED NET EXPOSURE

## REGIONAL EXPOSURE



## EQUITY MARKET CAP (%)



Not Applicable



Not Applicable

# OVERALL PERFORMANCE

● J O Hambro UK Dynamic Fund Y Acc    ● UK All Share Total Return GBP

## GROWTH (%) - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024



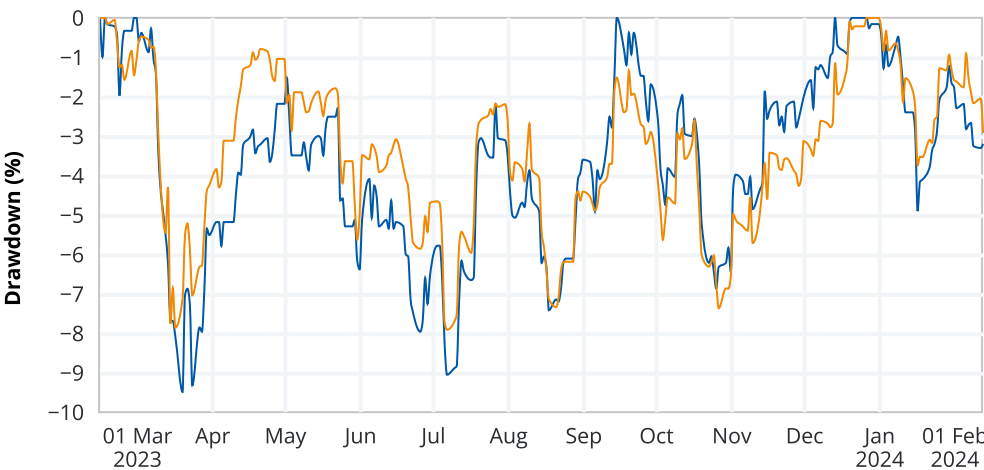
## GROWTH (%) - FROM INCEPTION

24 Mar 2009 - 13 Feb 2024



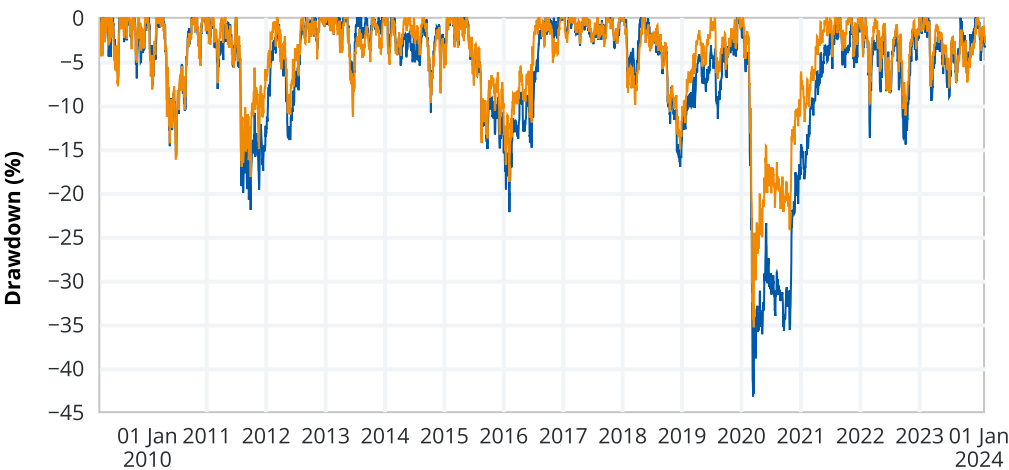
## DRAWDOWN (%) - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024



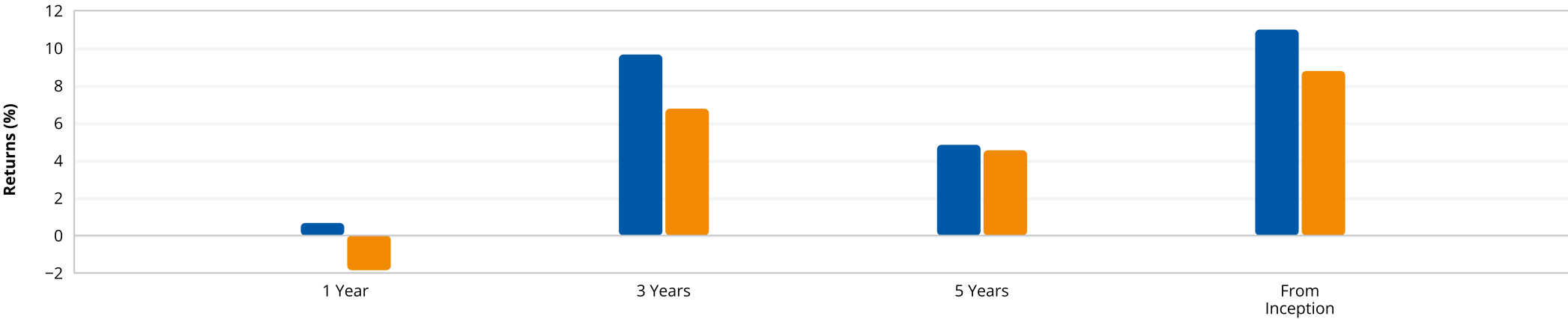
## DRAWDOWN (%) - FROM INCEPTION

24 Mar 2009 - 13 Feb 2024



# RETURNS

● J O Hambro UK Dynamic Fund Y Acc      ● UK All Share Total Return GBP



## MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	-1.49	-1.57											-3.04
2023	6.29	2.82	-4.99	3.52	-4.07	-0.41	3.68	-0.84	2.38	-4.21	3.76	4.52	12.28
2022	1.28	-2.41	2.35	-1.45	2.76	-5.66	4.30	-3.52	-7.41	5.16	8.00	-0.30	1.95
2021	0.15	5.69	5.10	1.89	3.57	-0.13	1.28	3.41	-2.14	0.00	-2.18	4.40	22.72
2020	-4.70	-10.90	-23.29	6.74	1.60	0.26	-4.89	3.21	-4.62	-1.96	21.20	4.63	-17.55
2019	6.13	0.49	1.19	5.06	-3.17	2.59	0.60	-3.23	5.25	-1.23	2.30	3.78	21.02

Capped to 6 years.

## ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
J O Hambro UK Dynamic Fund Y Acc	0.67	9.66	4.84	10.99
UK All Share Total Return GBP	-1.85	6.77	4.55	8.78

## CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
J O Hambro UK Dynamic Fund Y Acc	0.66	31.67	26.53	369.25
UK All Share Total Return GBP	-1.85	21.60	24.76	248.61

● J O Hambro UK Dynamic Fund Y Acc    ● UK All Share Total Return GBP

PERFORMANCE - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024

	J O Hambro UK Dynamic Fund Y Acc	UK All Share Total Return GBP
RETURNS (%)	0.67	-1.85
VOLATILITY (%)	12.72	11.51
ALPHA	0.17 *	
BETA	1.08 *	1.00
CORRELATION	0.92 *	1.00
SHARPE RATIO	-0.32	-0.48
SORTINO RATIO	-0.45	-0.64
MAX DRAWDOWN (%)	-9.49	-7.91

\*Calculated over a 3 year period where history permits.

PERFORMANCE - FROM INCEPTION

24 Mar 2009 - 13 Feb 2024

	J O Hambro UK Dynamic Fund Y Acc	UK All Share Total Return GBP
RETURNS (%)	10.99	8.78
VOLATILITY (%)	16.40	15.78
ALPHA	0.09	
BETA	1.16	1.00
CORRELATION	0.93	1.00
SHARPE RATIO	0.61	0.50
SORTINO RATIO	0.83	0.69
MAX DRAWDOWN (%)	-43.21	-35.32

SIMPLE STRESS TEST DRAWDOWN (%)

14 Feb 2023 - 13 Feb 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.

# DISCLAIMER

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