

Latitude Global Fund

LATITUDE
INVESTMENT MANAGEMENT

Investment Objective

The Latitude Global Fund follows a focused, style agnostic approach to equity investment. By combining fundamental internal research with disciplined portfolio construction, we aim to achieve strong returns through market cycles.

May Commentary

The investment world has lost its compass.

Many of the investment greats like Grantham, Marks, and Dalio have written polemically about the nature of cycles and what may characterise this new one.

History has repeatedly shown that people tend to believe that the future will look like a modestly modified version of the past, even when evidence and common sense point towards the opposite. We believe that we are in the first part of the cycle when assumptions are shifting from deeply imbued disinflationary ones to inflationary ones. This change in perception is gradual, volatile, and is only just beginning.

Dollar Tree shares ended this month at about \$160 per share, exactly where they ended in April. Yet the intra-month price ranged from \$167 to \$125, a full 25% round trip. For an established business with strong free cash flow, solid growth prospects and an enviable market position, this is genuinely astounding, and instructive.

This disequilibrium was caused by reports from Walmart and other retailers that their inventory levels were higher than expected and

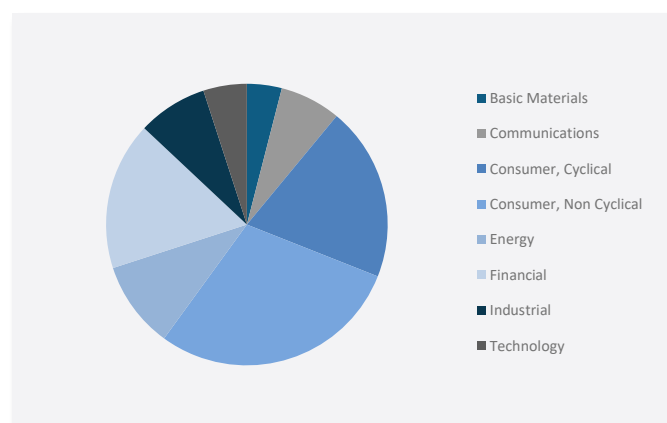
that input costs were rising. Leaving aside the argument that holding higher inventory in inflationary periods tends to drive *higher* returns on capital, and the fact that most investors are now aware that inflation is driving input costs higher, the result was huge falls across the retail sector.

Aside: Many investors argue that the cause of the current high inflation is the war in Ukraine, while the underlying issue is demonstrably excessive monetary stimulus of the past. Similarly, the reasons above which were given for Walmart's fall mask the underlying issue, its valuation.

Walmart shares also entered the month trading at around \$160 with predicted earnings of \$7 next year, compared to Dollar Tree's \$10. Over the past twenty years Walmart has grown earnings consistently at 7.5% per year while Dollar Tree has achieved 15%. **Dollar Tree generates 50% higher earnings per share and offers the prospect of 100% higher growth rates.**

When Dollar Tree reported earnings a week later, also citing input cost inflation on their call, shares rebounded fully towards their all-time highs. Such is the environment we find ourselves in, and we expect this to continue.

Sector Allocation



Top Ten Holdings

Dollar Tree	5.7%
AutoZone	5.5%
BP	5.0%
Novo Nordisk	4.9%
Texas Instruments	4.8%
Equinor	4.7%
Heineken	4.5%
Diageo	4.5%
Coca-Cola	4.4%
Alphabet	4.4%
Total Top 10	48.4%

Net Performance¹

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020									0.4%	-3.5%	11.1%	1.6%	9.4%
2021	-3.4%	3.4%	6.3%	4.2%	-0.6%	2.8%	0.9%	2.2%	1.5%	3.0%	1.3%	3.6%	27.8%
2022	-1.6%	-3.3%	4.6%	-0.3%	1.5%								0.6%

¹ All data shown as at 31 May 2022. Performance shown is representative of the GBP Acc P share class and is net of fees. The September 2020 data in the table reflects the performance since the launch date of the fund (23rd September 2020). Past performance is not a guide to future performance and may not be repeated, the value of an investment may go down as well as up and you may not get back the total value of your investment.

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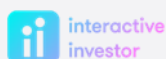
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Key Fund Information

Fund Manager	Freddie Lait
Launch Date	23rd September 2020
Fund Assets	£29m
Legal Structure	Irish Domiciled UCITS V Fund - ICAV
Regulator	Central Bank of Ireland
Base Currency	Sterling
Regional Exposure	Global
Management Fee	0.75% per annum (Institutional Classes) 1% per annum (Primary Classes)
Performance Fee	0%
Dividends	Semi-annual
Dealing	Daily, 2pm Dublin cut off
Administrator	SEI Investments – Global Fund Services
Custodian and Depositary	SEI Investments – Depositary & Custodian Services (Ireland) Limited
Auditors	PwC (Ireland)
Primary Platforms (Full list available upon request)	Hargreaves Lansdown, Interactive Investor, Novia, AJ Bell
Contact Details	patrick.valentine@latitudeim.com +44 (0)20 7087 9278

If you do not already receive our factsheet, and would like to, please **click [here](#)**

If you would like to invest directly through any of the platforms below please click the logo



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Share Classes and Identifiers

Share Class	Class	Minimum	Management Fee	TER*	ISIN	SEDOL
GBP Accumulation	I	£1m	0.75%	0.93%	IE00BMT7RM66	BMT7RM6
GBP Income	I	£1m	0.75%	0.93%	IE00BMT7RL59	BMT7RL5
USD Accumulation	I	\$1m	0.75%	0.93%	IE00BNGJKV20	BNGJKV2
GBP Accumulation	P	No Min.	1.00%	1.18%	IE00BMT7RH14	BMT7RH1
GBP Income	P	No Min.	1.00%	1.18%	IE00BMT7RG07	BMT7RG0
EUR Accumulation	P	No Min.	1.00%	1.18%	IE00BMT7JW07	BMT7JW0

Important Information

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Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is Waystone Fund Services (Switzerland) SA, Avenue Villamont 17, 1005 Lausanne, Switzerland. Place where the relevant documents may be obtained: The Prospectus, the key investor information documents, the instrument of incorporation as well as the annual and half-yearly reports may be obtained free of charge from the representative in Switzerland. Place of Performance And Jurisdiction: Both the place of performance and the place of jurisdiction for Shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative. In Switzerland, the distribution of the Fund is restricted to Qualified Investors only.

For Hong Kong investors: You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document and its contents have not been reviewed by any regulatory authority in Hong Kong. Latitude Global Fund data source - Latitude Investment Management LLP and external published sources.