



CLIVE BEAGLES

SENIOR FUND MANAGER

J O HAMBRO CAPITAL MANAGEMENT



Cool Britannia: Time to start recognising the value of UK Equities

JOHCM UK Equity Income Fund

Clive Beagles & James Lowen

FOR PROFESSIONAL INVESTORS ONLY.



COOL BRITANNIA

“Remember those days?”

Brexit + Growth bubble = Capitulation and outflows

**Almost all UK sectors
look cheap vs their
global peers**



**UK's exposure to real
assets, particularly
commodities, provides a
useful inflation hedge**



**UK is the Value market
and the tide has turned**



**Private Equity has
noticed but few others
seem to have done so**

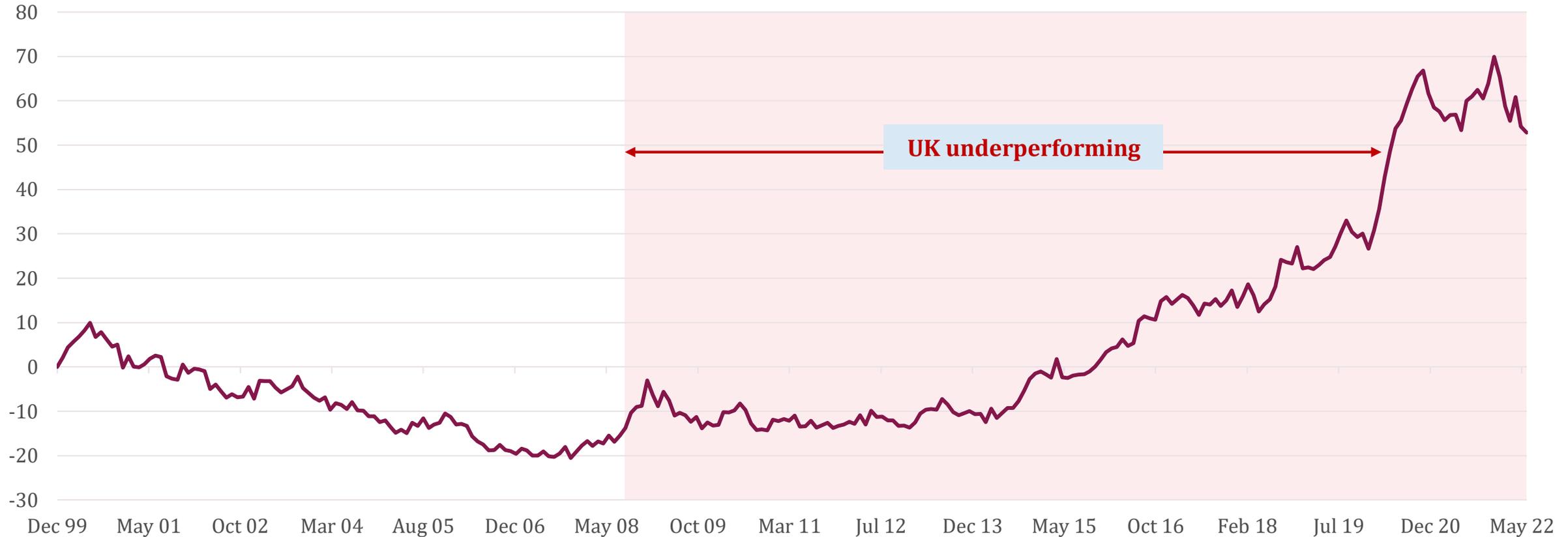


**The "Jurassic Park" FT
article (Nov 30 2021)
marked the relative low**



Performance of World vs. UK at 20+ year wide

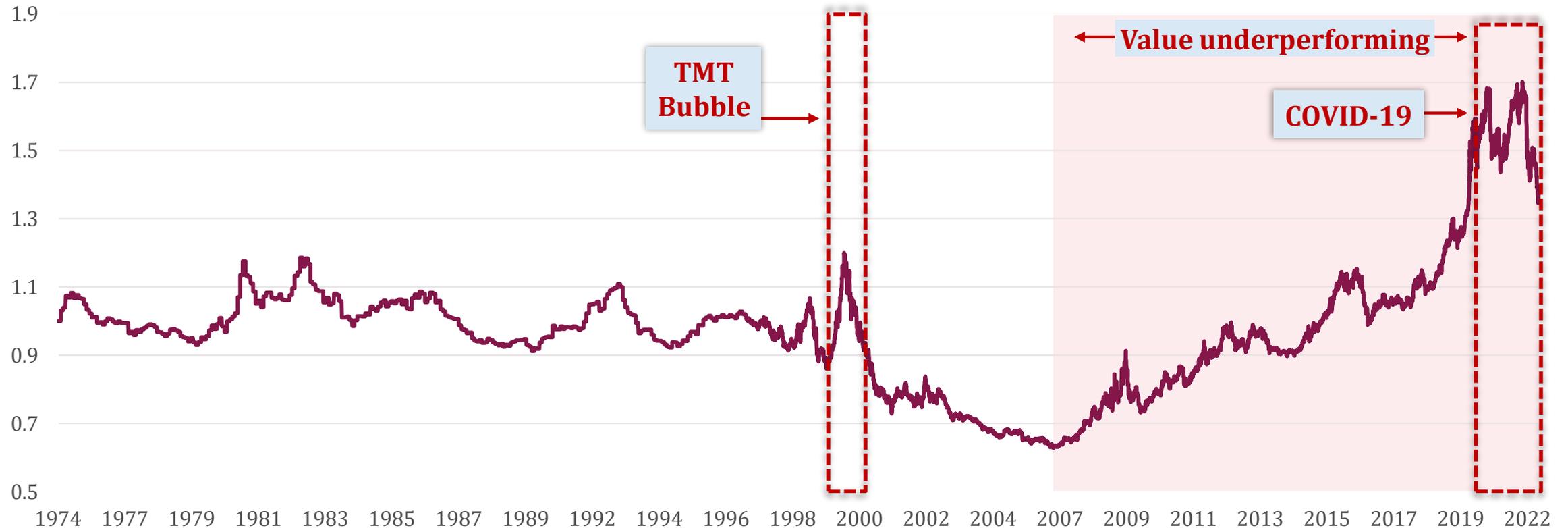
Cumulative relative of MSCI World TR Index vs FTSE All Share TR Index



The UK has underperformed for 15 years

Performance of Growth vs. Value close to all time wides

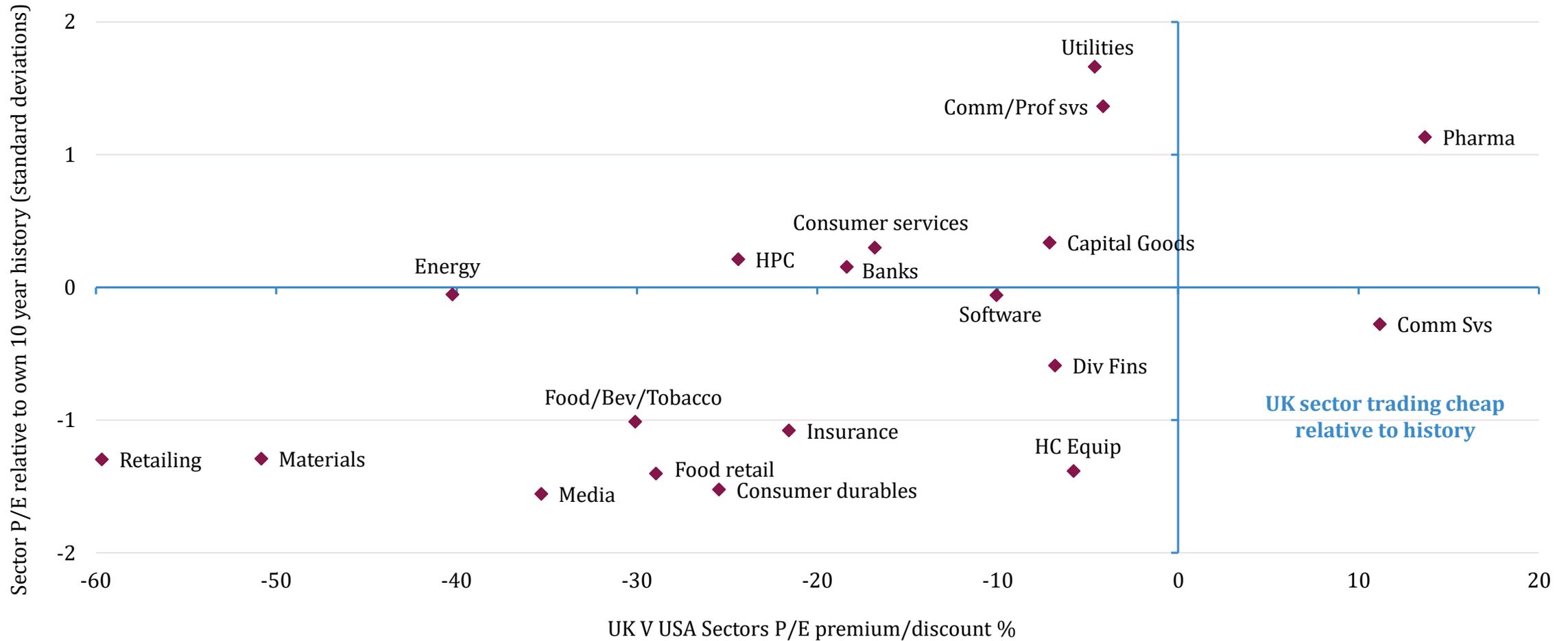
MSCI Europe growth relative value price performance



'Value' has underperformed for 15 years

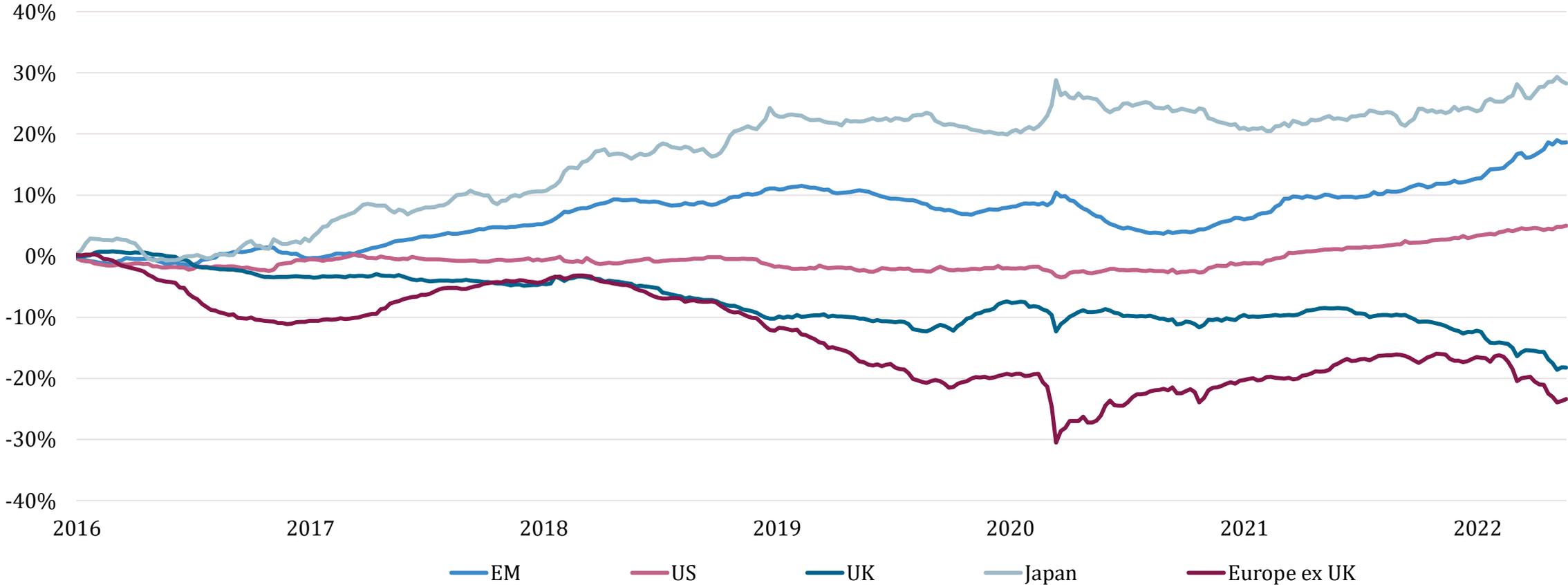
Most UK Sectors cheap vs own history and vs USA

UK vs US sectors: 12-m fwd P/E



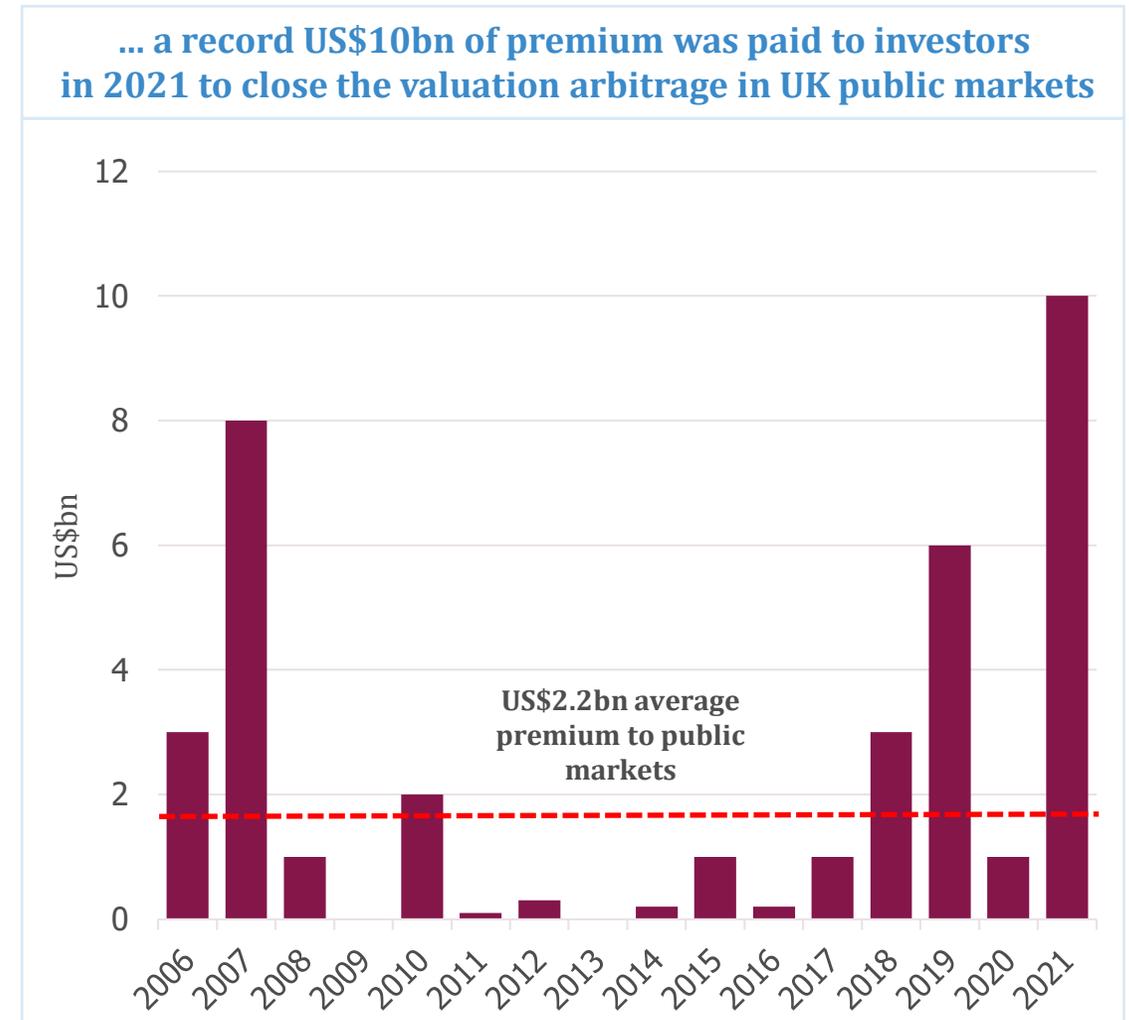
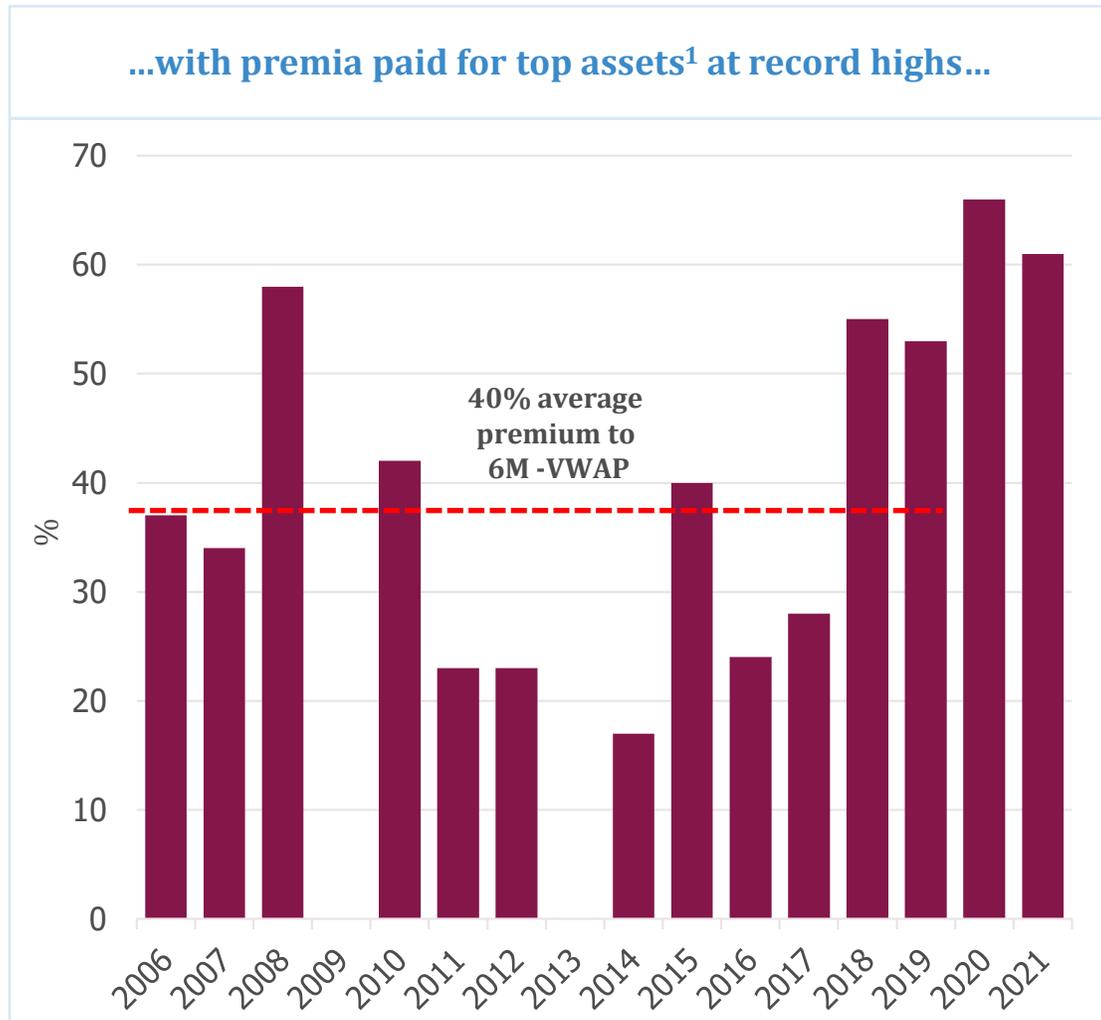
The UK has experienced the worst outflows since 2020 (after Europe)

Cumulative flows since 2020, % of total assets



Source: Credit Suisse/JOHCM 31 May 2022.

Private Equity recognise this, other market participants don't



Source: ¹JP Morgan Best of British Conference as at December 2021.

No 'red' valuation signals in Fund



Small Cap

- c. 18% of Fund has material upside
- c. 60-80% upside on average



Mining

- c. 16% of Fund – average FCF yield of c. +20%
- Would still be cheap at 10% FCF yield



Banks

- c. 12% of Fund
- c. 0.5x price to book, more appropriate valuation would be towards 1x book
- Example – Barclays 0.5x book value, 7x normalised PER



Insurance

- c. 13% of Fund – average upside > 60-70%
- Example – Aviva PE of 6.5x yield of 7.7%



Oil

- 12% of Fund – FCF yield of c. 15%

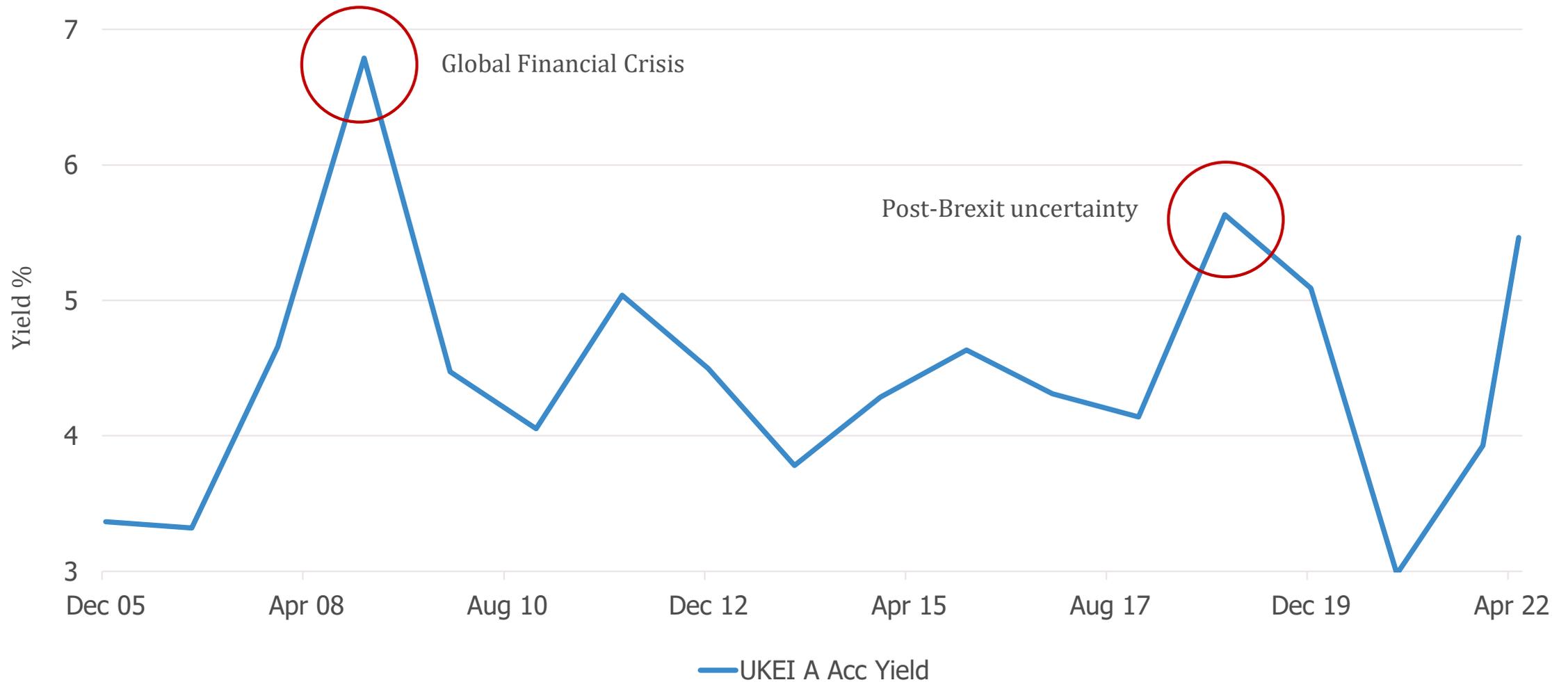
Bottom up valuation is currently **'strong green'**

Dividends will matter again

| Global market | Returns | | | % accrual | |
|------------------|----------|----------|-----------|-----------|--------------|
| | Total | Price | Dividends | Price | Dividends |
| Since Jan 1973 | 8,971.8% | 2,276.7% | 6,695.1% | 25.4% | 74.6% |
| Last 20y | 352.3% | 177.6% | 174.7% | 50.4% | 49.6% |
| Jan 20 to Dec 21 | 33.9% | 28.4% | 5.5% | 83.8% | 16.2% |

Source: Exane, JOHCM.

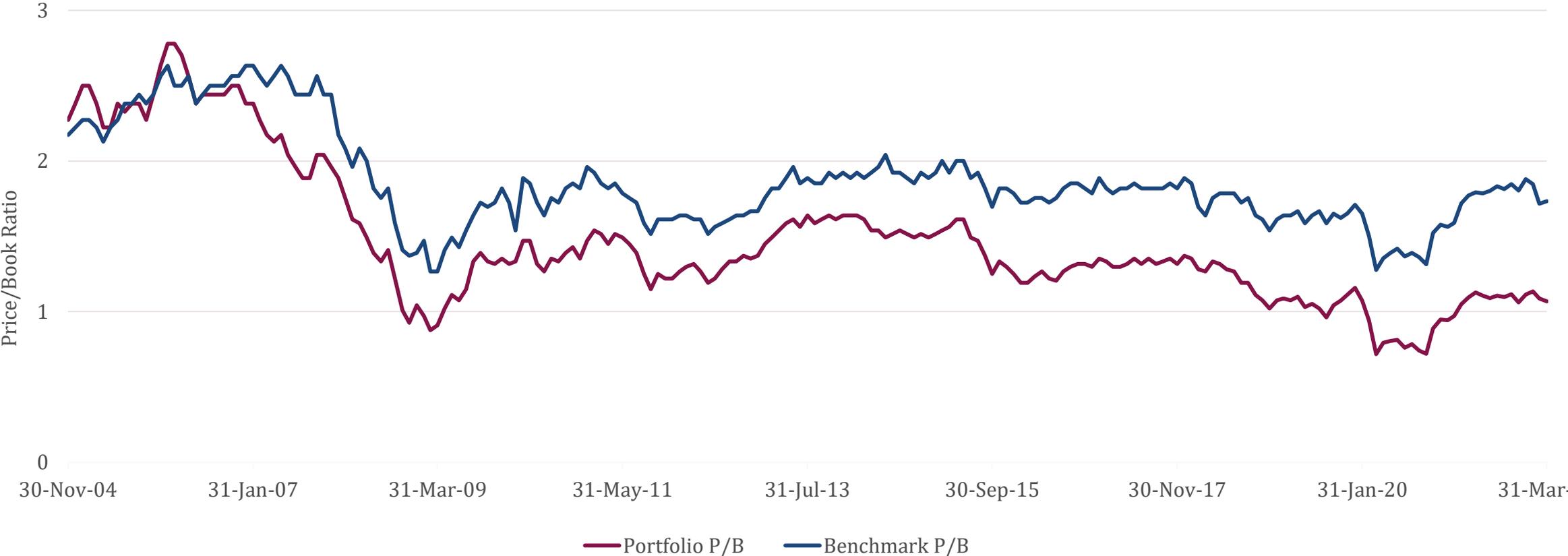
Dividend yield evolution – the rising tide



Source: JOHCM. As at 31 May 2022.

Fund Valuation – Price to book vs. Market – We are close to the widest difference ever

UK Equity Income Price/Book History vs FTSE All Share



Past performance is not necessarily a guide to future performance. The value of an investment can go down as well as up and investors may not get back the amount invested. For further information on risks please refer to the Fund's KIID and/or the Prospectus.

Source: JOHCM/Fund analytics as of 31 March 2022.

UK Equity Income – why Now?

1

15 years of ultra low discount rates are finally over

2

Driving a revival in interest in value orientated strategies

3

Combined with restored and well covered dividend distributions

4

Makes UK Equity Income strategies worthy of consideration

5

JOHCM UKEI has an experienced team and a strong performance record

Top quartile over 3,5 and 10 years ; 2/35 funds since launch in Nov 2004*

Past performance is not necessarily a guide to future performance. The value of an investment can go down as well as up and investors may not get back the amount invested. For further information on risks please refer to the Fund's KIID and/or the Prospectus.

Source: JOHCM. *Lipper Hindsight, IA sector rankings to 31 May 2022 (based on funds with at least a three-year track record).

Fund overview slide

- The Fund aims to generate long-term capital and income growth through active management of a portfolio of UK listed equities
- Established income investors James Lowen and Clive Beagles abide by a strict dividend yield discipline, which leads to an emphasis on higher-yielding stocks and promotes a naturally contrarian style
- The Fund will typically have significant exposure to small and mid-cap stocks, often giving the portfolio a different holding profile to many other income funds
- The Fund promotes environmental and social characteristics throughout the investment decision making process, please click [here](#) for further details
- Benchmark: FTSE All-Share Total Return Index
- The use of the Index does not limit the investment decisions of the fund manager; the shareholdings of the Fund may therefore differ significantly from those of the Index

Disclaimer

Professional Investors only.

Issued and approved in the UK by J O Hambro Capital Management Limited (“JOHCML”) which is authorised and regulated by the Financial Conduct Authority. Registered office: Level 3, 1 St James’s Market, London SW1Y 4AH.

This is a marketing communication. Please refer to the fund prospectus and to the KIID before making any final investment decisions.

These documents are available in English at www.johcm.com, and available from JOHCML at the address set out above.

Information on the rights of investors can be found [here](#).

The distribution of this document in jurisdictions other than those referred to above may be restricted by law (“Restricted Jurisdictions”). Therefore this document is not intended for distribution in any Restricted Jurisdiction and should not be passed on or copied to any person in such a jurisdiction.

Notice to investors in Switzerland: RBC Investor Services Bank S.A., with registered office at Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, CH-8027 Zurich has been appointed to act both in a capacity as Swiss representative and Swiss paying agent of the Company. The Prospectus, the KIIDs, the Articles of Incorporation and the annual and semi-annual reports may be obtained free of charge from the Swiss representative. The Company is defined as J O Hambro Capital Management UK Umbrella Fund (domiciled in the UK), J O Hambro Capital Management Umbrella Fund plc (domiciled in Ireland) or Regnan Umbrella Fund ICAV (domiciled in Ireland), as relevant.

This fund has not been authorised by the Hong Kong Securities and Futures Commission and no person may issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation, or document relating to this fund, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong. This fund is only for offer and sale to persons in Hong Kong who are “professional investors” as defined in the Securities and Futures Ordinance (cap. 571) of Hong Kong and any rules made under that Ordinance. This document and the information contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about the contents of this document, you should seek independent professional advice.

This document is only allowed to be distributed to certain relevant persons and not to the retail public in Singapore. The Fund, which is not authorised or recognised by the Monetary Authority of Singapore (the “Authority”), is registered under the Restricted Foreign Scheme with the Authority and the shares in the Fund (“Shares”) are not allowed to be offered to the retail public. Moreover, this document is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Investors should consider carefully whether the investment is suitable for them. This document and any document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the retail public or any member of the retail public in Singapore other than (i) to an institutional investor, and in accordance with the conditions specified, in Section 304 of the SFA; (ii) to an investor falling within the definition of “relevant persons”, and in accordance with the conditions specified, in Section 305 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where Shares are acquired under Section 305 of the SFA by a relevant person, investors should note that the first sales and transfers of the Shares are subject to the applicable provisions of the SFA, which include section 305A of the SFA.

Disclaimer

The investment promoted concerns the acquisition of shares in a fund and not the underlying assets.

Investments include shares in small-cap companies and these tend to be traded less frequently and in lower volumes than larger companies making them potentially less liquid and more volatile.

The information in this document does not constitute, or form part of, any offer to sell or issue, or any solicitation of an offer to purchase or subscribe for any funds described in this document; nor shall this document, or any part of it, or the fact of its distribution form the basis of, or be relied on, in connection with any contract.

Telephone calls to and from JOHCML may be recorded. Information on how personal data is handled can be found in the JOHCM Privacy Statement on its website: www.johcm.com

The registered mark J O Hambro® is owned by Barnham Broom Holdings Limited and is used under licence. JOHCM® is a registered trademark of JOHCML.

JOHCM/MSCI Barra/Bloomberg (unless otherwise stated). The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).

FTSE International Limited (“FTSE”) © FTSE [2021]. The Industry Classification Benchmark (“ICB”) and all rights in it are owned by and vest in FTSE and/or its licensors. “FTSE®” is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. Neither FTSE, nor its licensors accept any liability for any errors or omissions in the ICB. No further distribution of ICB is permitted without FTSE’s express written consent.

Sources for all data: JOHCM/FTSE International/Bloomberg (unless otherwise stated).

FE Crown Rating. Ratings do not constitute investment advice offered by FE and should not be used as the sole basis for making any investment decision. All rights reserved. © 2021 FE.

Copyright © 2007-2021 Morningstar UK Limited All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers;(2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Source: FTSE International Limited (“FTSE”) © FTSE 2021. The Industry Classification Benchmark (“ICB”) and all rights in it are owned by and vest in FTSE and/or its licensors. “FTSE®” is a trade.