

# HANSON SUSTAINABLE INCOME FUND



A Sub-Fund of Ledbury SICAV PLC

## CLASS B ACCUMULATION & DISTRIBUTION SHARES REPORT

FEBRUARY 2021

### TOP 10 HOLDINGS

BP	6.77%	PHOENIX GROUP	3.41%
VODAFONE GROUP	5.55%	INTEL	3.29%
SMURFIT KAPPA GROUP	5.52%	PAYCHEX	3.20%
GENESIS ENERGY	4.03%	PEPSICO	3.20%
AT&T	3.53%	ABBVIE	3.16%

### DIVIDENDS PER SHARE

Source: Praxis Fund Services (Malta) Ltd

Dividends paid in 2020	Dividends paid in 2019	Dividends paid in 2018	Dividends paid in 2017
GB£ B Dis £3.2038	GB£ B Dis £4.1693	GB£ B Dis £4.1964	GB£ B Dis £4.4463
US\$ B Dis \$3.1759	US\$ B Dis \$4.1094	US\$ B Dis \$4.3248	US\$ B Dis \$1.8567
EU€ B Dis €3.3775	EU€ B Dis €4.4795	EU€ B Dis €1.1487	

### PERFORMANCE 2020

Source: Praxis Fund Services (Malta) Ltd

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Class B GB£ Accumulation	-0.56%	-0.31%											-0.87%
Class B US\$ Accumulation	-0.20%	1.80%											1.6%
Class B Euro Accumulation	0.72%	1.36%											2.10%

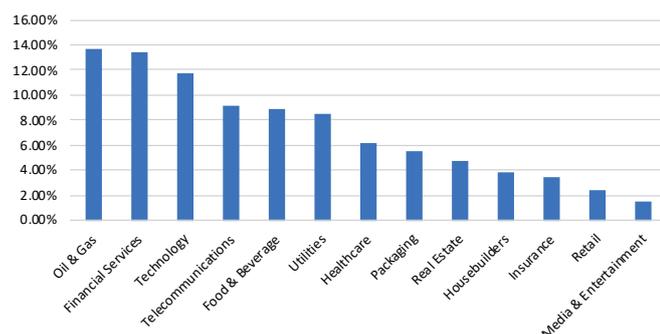
### PAST PERFORMANCE

	2017	2018	2019	2020
Class B GB£ Accumulation	0.43%	-9.46%	17.76%	-16.78%
Class B US\$ Accumulation	16.25%	-14.48%	21.84%	-11.71%
Class B Euro Accumulation	2.48%	-10.92%	25.40%	-19.08%

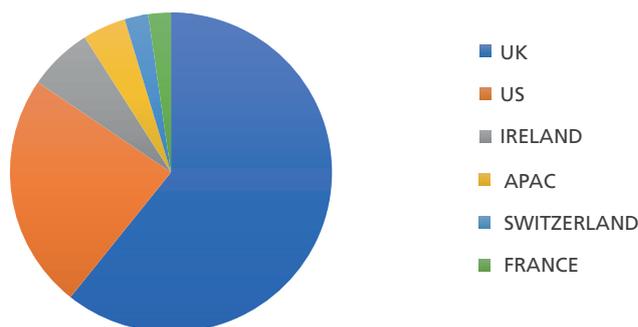
### HANSON INCOME FUND ORDINARY CLASS B SHARE PRICES

<b>GB£ Accumulation Shares</b>	<b>US\$ Accumulation Shares</b>	<b>Euro Accumulation Shares</b>
MT7000017661 <b>£88.45</b>	MT7000017687 <b>\$109.62</b>	MT7000017679 <b>€95.70</b>
<b>GB£ Distribution Shares</b>	<b>US\$ Distribution Shares</b>	<b>Euro Distribution Shares</b>
MT7000017695 <b>£79.89</b>	MT7000017711 <b>\$86.65</b>	MT7000017703 <b>€86.37</b>

### SECTOR ALLOCATION



### GEOGRAPHICAL EXPOSURE



### FUND FACTS

- MALTESE UCITS V
- WEEKLY DEALING
- INCOME FUND
- TARGETED INCOME 4% P/A
- INCOME PAID TWICE YEARLY
- BOTH DISTRIBUTION AND ACCUMULATION UNITS
- WIDELY ACCEPTED BY BOND PROVIDERS, OTHER TAX WRAPPERS AND INVESTMENT PLATFORMS
- £/\$/EURO SHARE CLASSES

### THE MANAGER

Arlington Capital Ltd is authorised regulated by the FCA. Arlington is an asset management firm focused on wealth preservation and income generating strategies across asset classes. The business was founded in 2017 after Hanson Asset Management demerged, with the family office and principal investment businesses transferring to Arlington.

Arlington is a professional family office advisor and asset manager with in-depth market knowledge specialising in defensive, income yielding investment strategies and we also undertake advisory work for family offices or family backed corporations and institutions. Each member of Arlington's senior team has built and exited businesses in their chosen fields and have come together to create an exciting advisory and investment platform.

### INVESTMENT OBJECTIVES

The Hanson Sustainable Income Fund is an actively managed and diversified equity portfolio. The aim is to produce a targeted income of 4% pa, paid twice yearly, together with capital growth. The fund intends to invest primarily in attractively valued dividend paying UK companies, with the balance invested internationally. The fund will target outperformance by owning shares that should grow dividends faster than inflation.

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FEBRUARY 2021

### FUND MANAGER COMMENTARY

The Sterling share classes were slightly up in February while the US Dollar and Euro share classes rose more as Sterling strengthened against both currencies during the month.

The major news announcement during the month occurred when the UK Government announced a gradual reopening of the economy starting on March 8th. Boris Johnson has said spring and summer in England will usher in changes to the current Corona virus related restrictions that will make lives "incomparably better" as he set out a plan to fully ease the lockdown by June 21st.

In economic news Britain's annual economic growth rate could be in double digits a year from now, the Bank of England's chief economist Andy Haldane wrote in a Daily Mail column. He stated that, "the economy is poised like a coiled spring. As its energies are released, the recovery should be one to remember after a year to forget," He also predicted that British households would have amassed "accidental savings" of up to a massive £250 bn, which will fuel a spending boom once COVID-19 restrictions are lifted in the country. The latest forecasts are that national income will have recovered all the ground lost since the end of 2019 within 12 months, despite the severe lockdown. "The underlying assumption is that the vaccination programme assists very positively. That is very good news. It is an excellent story," Andrew Bailey, the Bank's governor, said.

In company news BP reported a more positive performance in the fourth quarter which saw the company swing to a replacement cost profit of \$825 million from a loss of \$644 million in the third quarter of 2020. Chief Executive Bernard Looney said, "We expect much better days ahead for all of us in 2021."

Vodafone announced that it had returned to organic service revenue growth in its third-quarter, helped by a much stronger showing in Germany, the telecommunication firm's largest market. Vodafone generates the bulk of its cash from service revenue, which includes monthly access charges, airtime usage and roaming. Chief Executive Officer Nick Read said that, "We have made further progress on our strategic priorities, including the IPO of Vantage Towers in early 2021, which remains firmly on track. Our networks have successfully delivered another quarter of record data traffic as many countries continue to endure Covid-19 lockdowns and customers depend on our services."

Packaging company Smurfit Kappa has increased its final dividend by 8%, which the company said reflected the board's confidence about SKG's future.

Both Europe and the Americas had strong demand in the fourth quarter offsetting significantly higher input costs. Group CEO Tony Smurfit said: "Driven by strong secular trends such as e-commerce and sustainability, the outlook for our industry is increasingly positive. The inherent strength of our business together with the recent capital raise provides us with an unrivalled platform to accelerate our vision and the Group's next phase of growth and development."

In summary news Unilever said it delivered a strong set of annual results under the most difficult of circumstances brought about by the coronavirus pandemic. CEO Alan Jope said: "We progressed our strategic agenda, building on our existing sustainability commitments with ambitious new targets and actions, most recently with our plans to help build a more equitable and inclusive society."

Nestlé reports full-year results for 2020 with organic growth of 3.6%. Growth was supported by strong momentum in the Americas, Purina PetCare and Nestlé Health Science. Return on invested capital increased by 240 basis points to a healthy 14.7%. The board proposed a dividend increase of 5 centimes to CHF 2.75 per share, marking 26 consecutive years of dividend growth.

PepsiCo announced that it had increased its dividend 5% amid a strong performance in 2020. "We ended the year on a strong note with our global beverage business having accelerated while our global snacks and food business remained resilient in the fourth quarter," said Chair & Chief Executive Ramon Laguarta.

New holding Jupiter Fund Management hiked its dividend, after its Merian Global Investors acquisition had helped assets under management reach a new record in 2020. To £58.7 bn. Shares of AbbVie Inc. rallied after the US biopharmaceutical company reported fourth-quarter profit and revenue that beat expectations, and provided an upbeat full-year outlook.

In sustainable news oil major Royal Dutch Shell outlined an ambitious plan to aims to reduce net carbon emissions by 45% by 2035 and to eliminate net emissions completely by 2050, while also aiming to reduce debt and maintain a progressive dividend policy. Nestlé has outlined its 'top priorities' for Europe, Middle East, and North Africa (EMENA) to reach its net-zero climate goal. Nearly two-thirds of Nestlé's emissions are linked to agricultural production, the company noted, meaning that if it is to reach its target of net zero by 2050 it will need to tackle scope 3 emissions that lie within its supply chain. This is powered by an initial investment of CHF3.2bn over the next five years.



#### EDWARD COLLINS - FUND MANAGER

Edward was the co-fund manager at its launch and is a Co-founder of Arlington Capital. Edward has nearly 20 years' experience of investing in financial markets. Previously Edward has been the CEO and member of the global investment committee of the global sustainable private equity group Earth Capital, joint managing director of Hanson Asset Management and Chief Investment Officer of Hanson Family Holdings. He started his investment management career as a fund manager at New Star Asset Management. In 2004 the Fund he managed with Patrick Evershed won the Lipper Citywire All Stars Fund Manager of the Year award for the best performing fund in the UK All Companies Sector. He has also managed growth and income mandates investing in large and mid-cap UK listed companies. Edward studied Politics at the University of Durham.



#### PATRICK TEROERDE - FUND MANAGER

Patrick has been the co-fund manager since its launch and is the Managing Director of Arlington Capital. Patrick has been investing in markets for over 20 years. He was previously also a co-founder and joint Managing Director of Hanson Asset Management and the Investment Director of Adurion Capital, a multi strategy investment office where he developed income strategies using equities, debt and real estate. Patrick started his business career in investment banking before moving into private equity at Lazard. Patrick read economics and business administration at EBS University for Business & Law in Germany, the Ecole Supérieure de Commerce in Dijon, France and the Graduate School for Business and Management at Pepperdine University in Malibu, California.

**HANSON SUSTAINABLE INCOME FUND INVESTMENT COMMITTEE:** Edward Collins, Karl Micallef, Tom Wight.

**SALES SUPPORT:** funds@hansonincomefund.co.uk Administrator-Praxis Malta: +356 2546 8000.

The Prospectus and KIIDs are available in English from your financial advisor or the administrator.

**IMPORTANT INFORMATION:** This fund is intended as a medium to long term investment. The value of investments, and any income from them, can go down as well as up, and you may not get your money back. Any investment should be based on full details of the prospectus. The Investment Manager is Arlington Capital Limited, 6 Arlington Street, London SW1A 1RE. Registration Number: 09578016. Arlington Capital Limited is authorised and regulated by the FCA. FCA Licence Number: 810629. Authorisation: Ledbury SICAV PLC - Hanson Sustainable Income Fund is licensed and authorised by the Malta Financial Services Authority as a Collective Investment Scheme qualifying as Maltese UCITS V under license number CIS/424.

**ADDITIONAL INFORMATION:** The annual management charge is 2.0%. Class A has an initial charge of 5.5% (please contact sales support or the administrator for further details) and Class B has a deferred sales charge of 5.5%. There are both Distribution and Accumulation share classes for both A&B (please contact sales support or the administrator for further details). The minimum investment for all share classes is 1000 units of the denominated currency. Subscriptions must be received by 5pm (CET) Wednesday. It is intended that the Company will distribute and pay dividends in respect of Distribution Share Classes half-yearly (31 December and 30 June). However the frequency of any income payments is not guaranteed and may vary.