# HANSON SUSTAINABLE INCOME FUND

A Sub-Fund of Ledbury SICAV PLC

## CLASS B ACCUMULATION & DISTRIBUTION SHARES REPORT — MARCH 2021

### TOP 10 HOLDINGS

| | | | |
|---|---|---|---|
| BP | 5.82% | AT&T | 3.70% |
| VODAFONE GROUP | 5.17% | PHOENIX GROUP | 3.36% |
| SMURFIT KAPPA GROUP | 4.86% | INTEL | 3.34% |
| PEPSICO | 3.74% | PAYCHEX | 3.33% |
| GENESIS ENERGY | 3.73% | ABBVIE | 3.06% |

### 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 2021

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% | 2.89% | | | | | | | | | | **1.99%** |
| **Class B US$ Accumulation** | -0.20% | 1.80% | 2.00% | | | | | | | | | | **3.84%** |
| **Class B Euro Accumulation** | 0.72% | 1.36% | 5.00% | | | | | | | | | | **7.21%** |

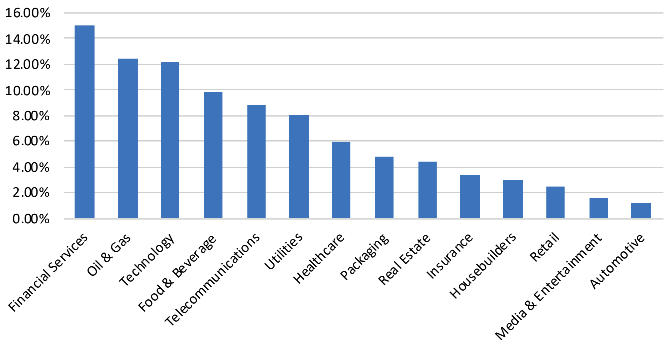
### PAST PERFORMANCE

| PAST PERFORMANCE | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| **Class B GB£ Accumulation** | **0.43%** | **-9.46%** | **17.76%** | **-16.68%** |
| **Class B US$ Accumulation** | **16.25%** | **-14.48%** | **21.84%** | **-11.71%** |
| **Class B Euro Accumulation** | **2.48%** | **-10.92%** | **25.40%** | **-19.08%** |

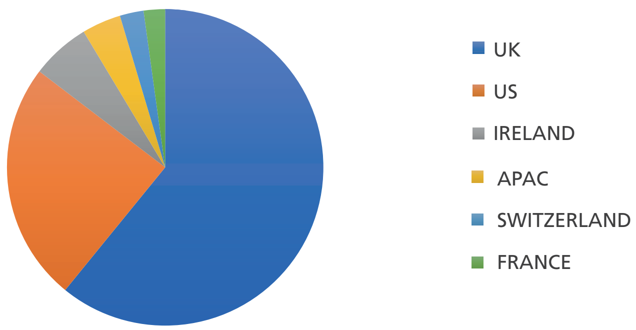
### HANSON INCOME FUND ORDINARY CLASS B SHARE PRICES

| GB£ Accumulation Shares | US$ Accumulation Shares | Euro Accumulation Shares |
|---|---|---|
| MT7000017661 **£91.00** | MT7000017687 **$111.82** | MT7000017679 **€100.49** |
| **GB£ Distribution Shares** | **US$ Distribution Shares** | **Euro Distribution Shares** |
| MT7000017695 **£82.22** | MT7000017711 **$88.07** | MT7000017703 **€90.60** |

### 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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### FUND MANAGER COMMENTARY

March was an up and down month for the market, but a good one for the fund, particularly for the Sterling and Euro share classes. The US Dollar classes lagged as the Dollar strengthened slightly against sterling.

In economic news the independent OECD significantly raised its forecast for UK growth this year from 4.2% to 5.1%. The Euro zone by contrast is only expected to grow by 3.9% this year. This is driven by vaccinations, according to the BBC the UK has vaccinated 52.4 of every 100 people, versus 44.9 in the USA and only 16.4 per 100 people in the Euro zone. This is what powers the OECD forecast and explains why UK economic data is currently surprising on the upside.

The numbers released during March support this view. The crucial UK Services PMI for March jumped from 49.5 to 56.8 (above 50 indicates growth), much better than expectations of 51.0. The positive figures were fuelled by a rise in new orders for the first time since September as sales were boosted by the upcoming easing of lockdown measures. Manufacturing also performed well as the IHS Markit/CIPS UK Manufacturing Purchasing Managers' Index rose to 58.9 per cent last month, marking the highest reading in just over a decade.

In the US, President Biden's colossal $1.9 trillion stimulus package was passed by Congress. The OECD, as well as upgrading its latest GDP forecasts for almost all large economies on the back of the successful vaccine roll, reported that the US bill, would raise Britain's GDP by about 0.5%. The news from FED Chairman Jay Powell was encouraging, insisting that rates would not go up until 2023, despite the threat of modest, though probably temporary inflation a few months down the line.

In company news, housebuilder Persimmon reported that revenue for 2020 fell 8.8%. Persimmon described the performance as "resilient", given the disruption caused by the pandemic. Looking ahead, Persimmon said, "we are targeting a full return to 2019 levels of new home completions in 2022. From 2023, with a stable market, we expect our enhanced quality, service and efficiency capabilities to provide the opportunity to grow further. We are focused on bringing more outlets into production to support these targets."

Phoenix Group Holdings said its performance improved in 2020, and it expects further growth going forward. The insurance services provider reported record cash generation of £1.7bn for 2020, exceeding the upper end of its £1.6bn and ahead of the £707m posted for 2019. The company proposed a final dividend of 24.1 pence per share, resulting in a 2020 full year dividend of 47.5p per share, up from 46.8p per share paid a year earlier.

M&G Plc said that it was on track for its medium-term targets as its performance improved in 2020. The company which was demerged from Prudential PLC in 2019, reported assets under management & administration up 4% to GBP367.2 billion, principally reflecting the acquisition of Ascentric in September 2020.

In brief company news Vodafone successfully listed its Vantage Towers business on the Frankfurt Stock Exchange. Lookers, one of the leading UK motor retail and aftersales service groups, announced that it expects profits for 2021 to be ahead of current market expectations. This is a new holding that was purchased as a recovery play as we expect the company to benefit from the aftermath of Corona.

US chip titan Intel Corp announced that it will invest $20bn in building two new plants in Arizona as part of a plan to ramp up production in the US and Europe. The move comes as a global chip shortage has countries and companies in those regions looking to reduce reliance on plants in Asia for semiconductors, which are used in a growing array of products such as cars.

In Sustainable news Smurfit Kappa became the first FTSE 100 company to gain five stars in recognition of its support of United Nation's Sustainable Development Goals. Total announced that its renewable energy subsidiary in France, was awarded 50 megawatts of solar projects in the ninth round of the CRE 4 (French Energy Regulatory Commission) tender. This confirmed Total's position as number 1 in solar development in France.

Looking at the markets as we go into the second quarter we believe that it remains the case that "There Is No Alternative" to equities. Comparing the FTSE 100 to gilts over the next decade, dividends alone are likely to provide more income than bond coupons, and that's before we consider the returns from buybacks and likely capital appreciation from stocks.

It is in this context that we believe that we can rebuild the fund's capital in 2021 as the economy and markets recover. In short the roaring 20s will be back! We believe that our portfolio, which is made up of defensive companies that can grow their earnings in this environment such as AT&T, BP, Smurfit Kappa and Unilever, will weather any further storm well. We have begun to purchase recovery stocks that will be in a position to dramatically improve their outlooks as life returns to normal. We expect that the post corona economic recovery will help our more cyclical holdings like the oil companies and financials in particular.

### 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.

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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.