

# Green Ash Sustainable Horizon Fund

## December 2021 Monthly Factsheet

### INVESTMENT OBJECTIVE

### PROFESSIONAL INVESTORS ONLY

Green Ash Sustainable Horizon Fund is an open-ended fund incorporated in Luxembourg. The fund aims to provide above average capital growth, through exposure to innovative technologies and secular themes that the manager believes will predominate in the coming years. The fund invests globally, in listed securities, from recognised financial markets around the world. ESG considerations form an integral part of the investment process, and the fund is designated an Article 8 fund under the EU's Sustainable Finance Disclosure Regulation (SFDR).

### KEY INFORMATION

### SUMMARY

Fund Name	Green Ash Sustainable Horizon Fund - a Subfund of Woodman SICAV
Portfolio Manager	James Sanders
Fund Launch Date	9 <sup>th</sup> July 2021
Fund Type	UCITS
Fund Domicile	Luxembourg
Liquidity	Daily
Fees	0.80% p.a. + 10% performance fee on positive returns above the MSCI World TR (M1WO Index)
Fund Size	\$6.0MM
Share Classes	USD, GBP, AUD (Acc.)
USD IA	USD IA: LU2344660977
GBP IA (hedged)	GBP IA: LU2344661272
AUD IA (hedged)	AUD IA: LU2344661355
Min Investment	\$250,000 / £200,000 / A\$350,000
Investment Manager	Green Ash Partners LLP

- The USD share class fell -0.24% in December (GBP IA Class -0.35%, AUD IA Class -0.40%), versus +4.27% for the MSCI World Total Return (M1WO). This brought the blended<sup>1</sup> return to +15.35% for the full year, versus +21.82% for the MSCI World TR
- 2022 was a difficult year for the more speculative parts of the market, as investors tried to gauge the impact of quantitative tightening and higher interest rates on multiples
- We consider the recent weakness an opportunity to add to the secular growth trends and disruptive innovations that will shape the next decade. That said, we respect the importance of diversification during changes in the monetary policy regime. Consequently we balance our more speculative, high growth positions against mature, cash generative businesses with reasonable valuations

### PERFORMANCE<sup>1</sup>



### GREEN ASH SUSTAINABLE HORIZON FUND PERFORMANCE<sup>1</sup>

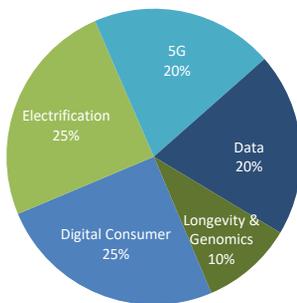
### BLENDED PERFORMANCE METRICS<sup>1</sup>

Strategy Performance <sup>1</sup>	2017	2018	2019	2020	1H21
Green Ash Sustainable Horizon Strategy	+2.02%	-12.30%	+27.11%	+64.71%	+17.40%

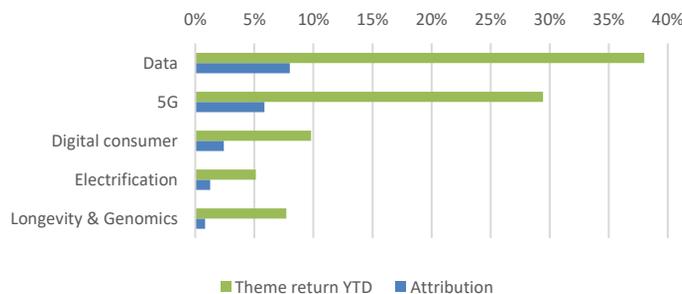
ITD	Annualised	Volatility	Sharpe
+115.25%	+21.31%	+23.38%	0.91

Fund Performance	Jul-21 <sup>2</sup>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	ITD
Green Ash Sustainable Horizon Fund (USD I)	-0.50%	+2.05%	-7.34%	+7.33%	-1.62%	-0.65%	-0.89%

### INVESTMENT THEMES



### THEME RETURNS YTD



### AVERAGE ESG RATING<sup>3</sup>

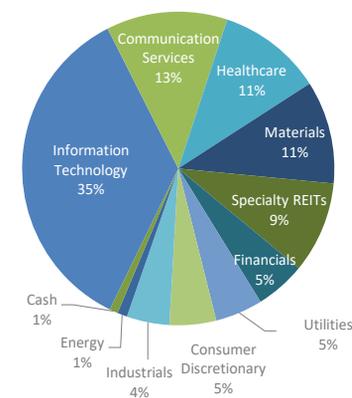


<sup>1</sup> The Green Ash Sustainable Horizon Strategy track record runs from 30/11/17 to 08/07/21. Fund performance is reported from 09/07/21 launch onwards (USD IA: LU2344660977; performance of other share classes on page 3). Strategy Track record based on managed account held at Interactive Brokers Group Inc. Performance calculated using Broadridge Paladyne Risk Management software. Performance has not been independently audited and is for illustrative purposes only. Past performance is no guarantee of current or future returns and you may consequently get back less than you invested. Benchmark used is M1WO Index  
<sup>2</sup> From 9<sup>th</sup> July 2021 Fund launch date  
<sup>3</sup> ESG ratings are derived from MSCI ESG rating methodology. Scores are weighted 25% to Environmental, 44% to Social, and 31% to Governance

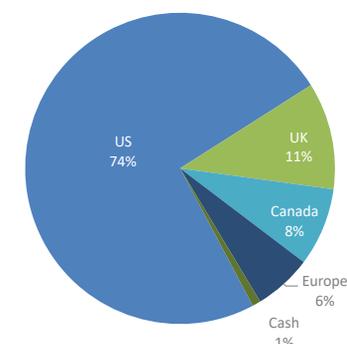




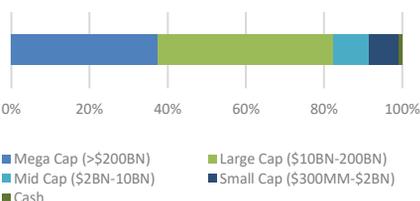
## SECTOR EXPOSURE



## REGIONAL EXPOSURE BY LISTING



## WEIGHTINGS BY MARKET CAP



## SERVICE PROVIDERS

Auditor	PricewaterhouseCoopers (PwC)
Custodian	Credit Suisse (Lux)
Administrator	Credit Suisse Fund Services (Lux)
Paying Agent	Credit Suisse AG
Legal Representative	Credit Suisse AG
Management Company	MultiConcept Fund Management S.A (Luxembourg)

## FUND UPDATE AND OUTLOOK

The USD share class fell -0.24% in December (GBP IA Class -0.35%, AUD IA Class -0.40%), versus +4.27% for the MSCI World Total Return (M1WO). This brought the blended<sup>1</sup> return for Sustainable Horizon Strategy (managed account) and fund to +15.35% for the full year, versus +21.82% for the MSCI World Total Return.

December started on shaky ground, as inflation fears continued to dominate following a 6.8% November CPI print. Powell acknowledged the risk of inflation staying higher for longer in the December FOMC meeting and announced faster pace of asset purchase tapering, which brought forward rate hike expectations. At year end, the market was pricing in a 62% chance of the first hike coming in March, and three hikes expected for the full year.

5G was the best performing theme in December, rising +12.84%. Marvell Technology and Broadcom gained +22.93% and +20.95% respectively, after reporting very strong Q3 earnings and positive medium term outlooks. Samsung Electronics finished up +10.08%, also buoyed by optimism over semiconductor demand in the coming quarters. US cell towers performed well, with Crown Castle International up +15.78% and American Tower +11.99%. Cellnex declined -1.65%, due to concerns raised by the CMA in the UK over the CK Hutchison tower acquisition there. The theme returned +29.44% for the full year on a blended basis<sup>1</sup>. We expect to see a decentralisation of computation to server the needs of IoT, autonomous vehicles, and the Metaverse, which will require major investment in Edge networks in the coming years, so we will be renaming the theme to 5G & Edge going forwards.

Longevity & Genomics rose +2.37%, as larger cap stocks more than offset ongoing weakness in the earlier stage biotech companies (Eli Lilly +11.36%, Pfizer +9.90% and Illumina +4.14%). It was a similar story for

the full year, over which the theme returned +7.70% on a blended basis<sup>1</sup>. Underlying progress in the science and technology of genomic medicine has made considerable progress in 2021, however the whole biotech sector has been in a bear market since its all-time highs in February 2021. This sets the stage for compelling opportunities in 2022, as valuations are much more reasonable even as fundamentals have improved in terms of commercialisation pipelines and new partnerships/development candidates.

Electrification rose +0.43% in December, supported by metals and utility stocks. Renewables, which comprise the more growth-focused component of the theme, had a very weak month, whether in solar (down by a range of -14-28%), hydrogen (ITM Power -13.97%), or storage/smart grids (Stem Inc -10.60%). Uranium stocks were also down, falling around -9% on average. The blended<sup>1</sup> full year return for the theme was +5.13%. We avoided OEM EV companies in 2021, which saw a lot of volatility over the course of the year (see Rivian), preferring to focus on critically important and relatively scarce materials relating to electrification (e.g. copper and uranium), along with renewables. Like biotech, renewables have been in a bear market since February 2021 despite very high growth rates and improving fundamentals. Unlike genomic medicine, renewables are a more mature and proven technology, and decarbonisation has increasing public and governmental support. We are optimistic about forward returns in the space, especially after recent multiple compression.

Digital Consumer fell -0.98%. Legacy payment network and payment processing stocks staged a recovery in December, with Visa rising +11.84% and Global Payments +13.78%. It was a much weaker month for digital-native fintech – Block (previously Square) fell -22.47%, Coinbase -19.88% and TCS Group -11.93%. The theme returned +9.80% for the full year on a blended basis<sup>1</sup>.

<sup>1</sup> The Green Ash Sustainable Horizon Strategy track record runs from 30/11/17 to 08/07/21. Fund performance is reported from 09/07/21 launch onwards (USD IA: LU2344660977; performance of other share classes on page 3). Strategy Track record based on managed account held at Interactive Brokers Group Inc. Performance calculated using Broadridge Paladyne Risk Management software. Performance has not been independently audited and is for illustrative purposes only. Past performance is no guarantee of current or future returns and you may consequently get back less than you invested. Benchmark used is M1WO Index



The pandemic-driven gains in eCommerce share have proved durable, though all retailers have had to contend with COVID-related costs and supply chain issues. Additional share will be won through the evolution of the retail experience as we build out the Metaverse, with embedded digital wallets, AI, and virtual/augmented reality facilitating seamless transition from online to offline.

Data was the weakest, declining -10.17%. In this theme, only datacentre operator Equinix and Microsoft finished in positive territory, rising +4.14% and +1.73%. The main detractors were the younger public companies, such as Darktrace, Unity Software, IonQ and Planet Labs, which were down by a range of -9-29% in December. Nvidia was also weak, declining -9.98%. Despite this, Data remained the best performing theme for the year, returning +43.27%. Going forwards we expect a broadening of opportunities in artificial intelligence and machine learning, and so will be renaming the theme to Data & AI.

2022 was a difficult year for the more speculative parts of the market, as investors tried to gauge the impact of quantitative tightening and higher interest rates on company valuations. Higher multiple and longer term growth stories were worst impacted, especially relative newcomers to the public markets – from the February 2021 highs, the S&P Global Clean Energy Index ended the year down -36.30%, S&P Biotechnology Select Industry Index -36.03%, GS Non-profitable Tech Basket -38.37%, Renaissance IPO ETF -24.94% and SPAC Index -34.93%.

The sector rotations have been indiscriminate and mechanical, and due to very strong top and bottom line growth from many bellwether technology companies, by some measures, valuations have now returned to pre-COVID, pre-QE levels (e.g. GS Secular Growth Basket/GSXUSGRO Index, which at the time of writing is nearly back to February 2020 P/S and P/E multiples; see above).

While it is correct for the Fed to show some steel in the face of undoubtedly high inflation in order to maintain its credibility, it seems unlikely that the supply chain bottlenecks, commodity price rises, and massive shift in consumer spending from services to goods will repeat this year (in fact they would have to increase given inflation is a simple YoY comparison). It is also worth noting that part of the rationale for speeding up the process of policy normalisation is that economic growth is strong and the labour market is recovering more quickly than expected. The Fed hiked rates 9 times between Dec-15-Jul-19, a period which also enjoyed full employment and strong growth, and from the first hike to the first cut, the S&P returned +59.07% (+13.67% annualised) and the Nasdaq +81.06% (+17.81% annualised).

From this perspective, we consider the recent market weakness an opportunity to add exposure to the secular growth trends and disruptive innovations that will shape the next decade. That said, we respect the importance of diversification during changes in the monetary policy regime, and recognise that we have had three very strong years of stock market returns. Consequently we balance our more speculative, high growth positions against mature, cash generative businesses with reasonable valuations. Furthermore, sector diversification within themes, with allocations to non-traditional areas of growth such as specialty REITs, utilities, and basic materials are a key differentiator of the GA Sustainable Horizon Fund, when compared to other growth-orientated thematic strategies.

### GS SECULAR GROWTH VALUATIONS (GSXUSGRO INDEX)



Source: Bloomberg, Green Ash Partners

### GREEN ASH SUSTAINABLE HORIZON FUND PERFORMANCE BY SHARE CLASS

Ticker	ISIN	Share Class	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	ITD 09/07/21
GRASHUS LX Equity	LU2344660977	Green Ash Sustainable Horizon Fund USD IA	-0.50%	2.05%	-7.34%	7.33%	-1.62%	-0.24%	-0.89%
GRASHGB LX Equity	LU2344661272	Green Ash Sustainable Horizon Fund GBP IA	-0.60%	1.99%	-7.41%	7.30%	-1.62%	-0.35%	-1.26%
GRASHAU LX Equity	LU2344661355	Green Ash Sustainable Horizon Fund AUD IA	-0.60%	1.93%	-7.42%	7.27%	-1.62%	-0.40%	-1.41%



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