HANSA TRUST PLC



As at 30 September 2017

# Company Fact Sheet

## HEADLINE DATA

| | Share Price (p) | NAV (p) (#) | (Discount)/Premium (%) | Gross Yield (%) |
|---|---|---|---|---|
| Ordinary Shares | 967.5 | 1,345.2 | (28.1) | 1.7 |
| 'A' non voting Ordinary Shares | 957.5 | 1,345.2 | (28.8) | 1.7 |

## SHARE PRICE TOTAL RETURN PERFORMANCE ON £100 (£)

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| Ordinary Shares | 112.4 | 106.1 | 144.9 | 115.6 |
| 'A' non voting Ordinary Shares | 119.0 | 109.2 | 147.4 | 114.5 |

# BE PREPARED…

Almost regardless of what is thrown at it, the current stock market rally shows no signs of abating. Despite the threat of military action, with the ongoing tit-for-tat between North Korea's Kim Jong-un and the US's President Trump, devastation caused by hurricanes and a changing monetary policy landscape, third quarter returns have extended the already robust performance seen so far in 2017.

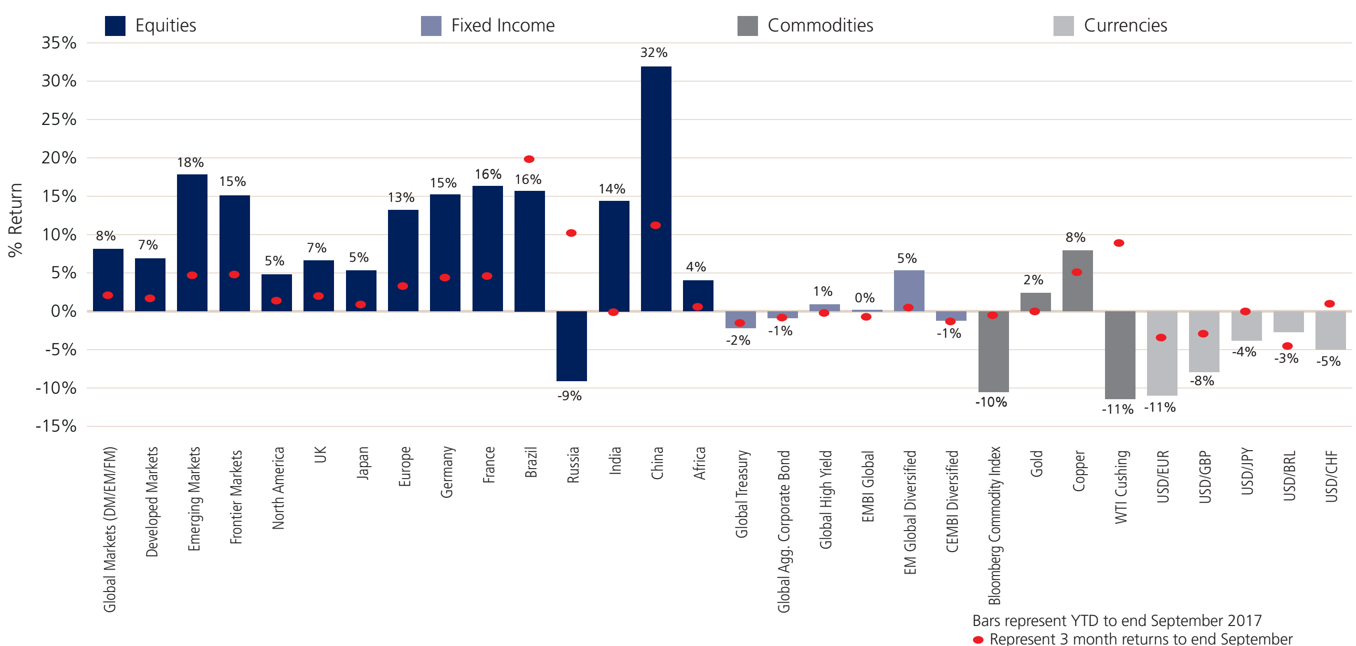
Equities again had a positive quarter, although the returns of overseas assets were lowered by the effect of a strengthening pound. Global equities rose by 2.2% over the quarter (in sterling terms), taking the year-to-date return to 8.1%. Driving performance this year have been the emerging and frontier markets, which both rose by almost 5% during the quarter.

Developed markets were more muted but still good with the US, Europe and Japan returning some 1.3%, 3.4% and 1.0%, respectively, over the three month period.

Global bonds declined slightly over the quarter, largely as a result of currency moves. Global sovereign bonds were down 1.4%, investment grade credit fell 0.7% and high yield bonds declined slightly by 0.1%.

Alternative assets were more mixed reflecting their diverse nature and varied fundamental drivers. Oil prices were especially strong, with Brent rising by over 13% in the quarter. Industrial metals rose by 6.7%, while gold was flat in sterling terms. Hedge funds delivered modestly positive returns but overall continue to be disappointing compared to most asset classes in 2017

## CHART 1: Asset class performance (in GBP)

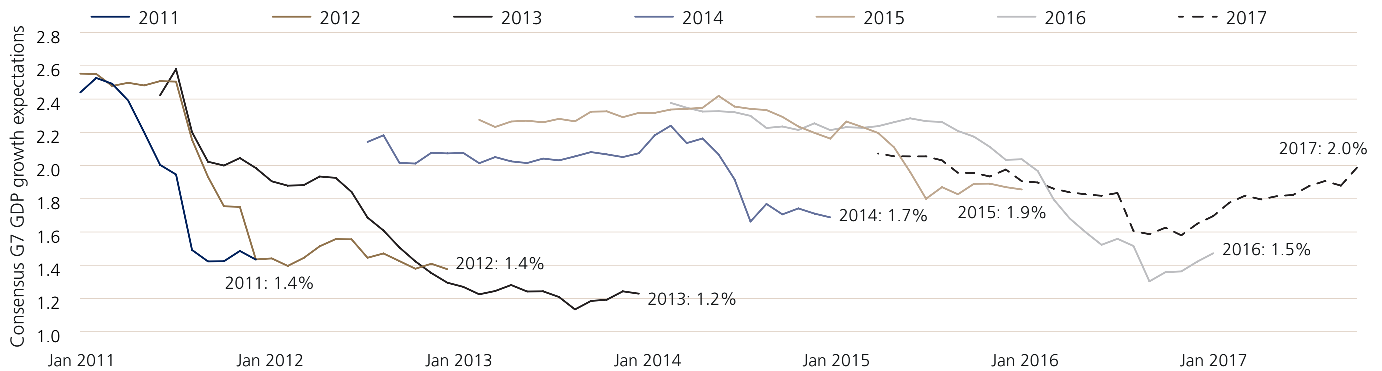



*Source: Bloomberg*

**Preparing for the worst**

As articulated in recent commentaries our core position remains one of favouring equities. This is based on the belief that a recession, which typically goes hand-in-hand with bear markets, does not appear to be imminent, and growth, if anything, is improving and becoming more synchronised globally. We are very much in the camp of believing that the depth of the previous downturn combined with the subsequent sluggish recovery will likely result in a protracted economic cycle which may last for longer than many people expect. Banks, which are central to the health of economies and have an uncanny habit of finding the next economic black-hole, continue to be managed in a more conservative fashion. Bank leverage is a shadow of what it was prior to the Global Financial Crisis and the mind-set is still very much one of de-risking by protecting the more defensive retail assets from the more risky investment banking businesses.

**CHART 2: GDP expectations have been revised down consistently, until recently**

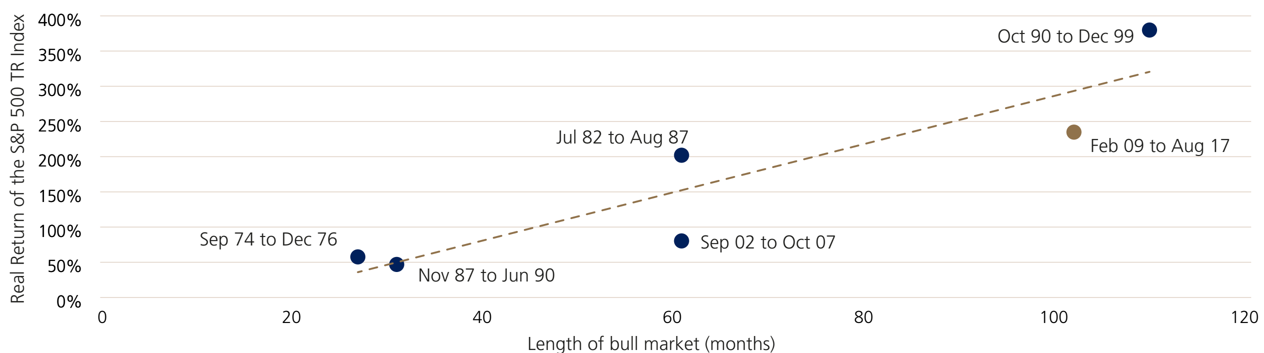



*Source: Goldman Sachs Global Investment Research*

Furthermore, we still do not see the levels of excess and exuberance that are associated with downturns. Despite the current bull market reaching its eighth anniversary it does not feel like that with many investors still holding meaningful cash positions, having been burnt in previous downturns. We are seeing some isolated signs of excess, such as high levels of private equity investment and instruments such as cov-lite loans reappearing, but not the normal range of flashing indicators associated with market tops.

Hence, on balance, we continue to have a constructive view on markets. It is, however, worth pausing to make a couple of observations. Firstly, at the risk of stating the obvious, the length of the bull market suggests that we are nearer the end of the current cycle than the start. Secondly, we would note that identifying tops of bull markets is akin to pinning the tail on the donkey. While you may have a sense of where you stand it is impossible to say with complete accuracy!

**CHART 3: The current bull market is the second longest in recent financial history**




*Source: Bloomberg*

It therefore makes sense to think about the types of assets one would want to own in a more challenging environment and then plan to progressively increase their allocation over time.

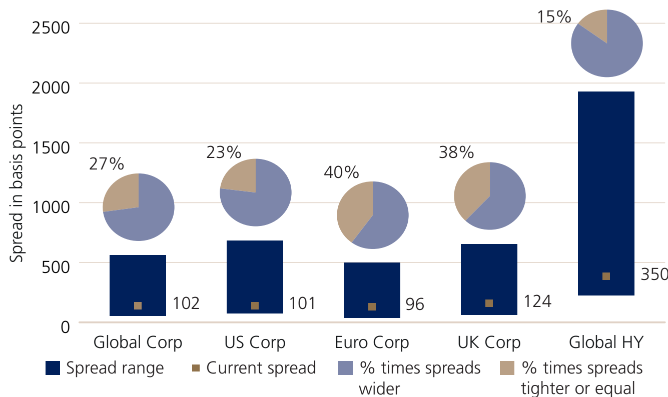
Fixed income, and especially developed market government bonds, were historically the defensive asset class of choice. When starting yields were higher they were a dream asset, providing both a decent running yield during the good times but also downside protection when riskier assets such as equities came under pressure. For this reason, a balanced portfolio of equities and bonds has produced some of the best risk adjusted returns over recent cycles.

The challenge now, of course, is that yields have collapsed to multi-decade lows on the back of the unprecedented central bank policies of slashing interest rates and engaging in mega bond purchase programmes through quantitative easing (QE). With interest rates already rising in the US and discussions on how QE programmes will be exited in the US, UK and Europe, it is natural to assume that the environment for bonds will become increasingly challenging, and they may not, therefore, fulfil the same defensive roll in the next downturn, and indeed they may even be at its epicentre.

On balance we suspect that rate rises will be tempered, with policy markers being very well aware of the dangers of shocking the market and raising rates too aggressively. Nonetheless, the risks of a policy mistake are undoubtedly very real.

Outside of government bonds it is possible to access higher yields with corporate bonds but even here the spreads between their yields and those of government bonds are historically low. Furthermore, with corporate default rates typically increasing during bear markets, especially when accompanied by recessions, their defensive characteristics can be limited. This applies particularly to the high yield market, as shown in Chart 4.

**CHART 4: Corporate bonds spreads – high yield spreads look tight**




*Source: Bloomberg. Data series Sep 2000 to Sep 2017.*

For this reason we believe investors may need to be a little more creative when investing in the bond space. Investing in floating rate notes for example, with coupons linked to interest rates, helps protect them against future interest rate rises. Also, some specialist bond managers are increasingly originating their own loans, in an environment where banks are less willing to lend, helping them generate higher returns and enabling them to build in greater security.

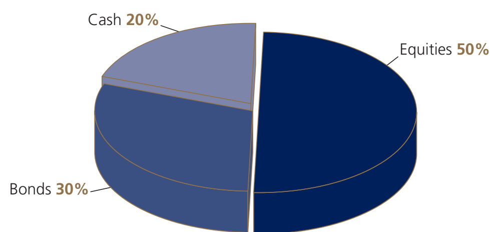
Historically hedge funds were also thought to be defensive. However, this was called into question during the Global Financial Crisis when performance was often disappointing and many funds were forced to limit redemptions due to poor underlying liquidity. Fee levels have also come under scrutiny, and these remain excessive in many cases, which acts as friction to long-term investment returns.

We take a more nuanced position on hedge funds, viewing them as a range of different strategies as opposed to a defined asset class. Some are clearly more defensive than others and whilst we feel that hedge funds do have a place in an investor's tool box, one needs to be wary of those managers claiming to deliver 'alpha' when in fact they are only generating market 'beta'.

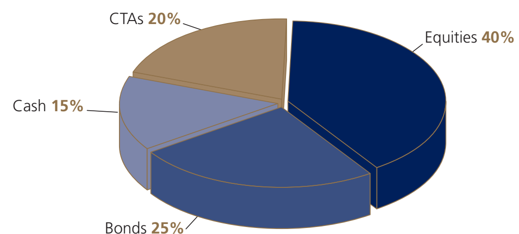
Within this defensive bucket of hedge funds we would include CTA funds. The term CTA or Commodity Trading Advisor is a generic name given to those companies and funds investing in managed future accounts. Their defining characteristic is that they are typically based on price trend-following models, trading in multiple different asset classes, which are systematically executed by computers. In many ways trend-following strategies stand in contrast to what we believe in at Hansa, where we are primarily centred on fundamentals and valuations. It is this difference though that makes them interesting. Blending the two strategies together has historically generated a portfolio that has produced better returns at points of market distress, and for that reason we believe they deserve a place in a portfolio.

**Chart 5: The historical effect of introducing a CTA allocation to a traditional portfolio**

**Traditional Portfolio**




**Portfolio with addition of CTAs**

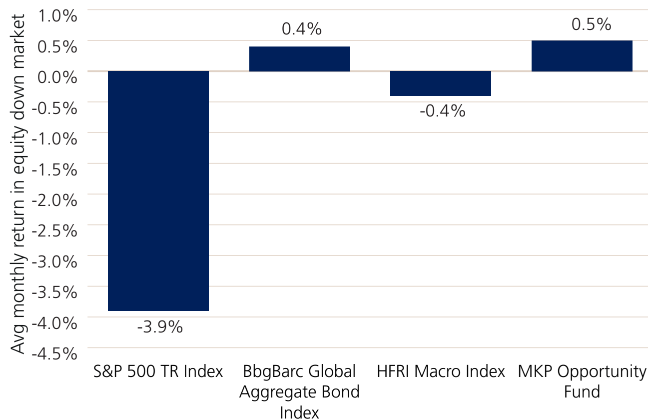



*Source: Bloomberg. Proxies used: MSCI World NR, BbgBarc Global Agg Bond Hedged, SG Trend Index, Barclays 3 month USD Libor. Returns in USD.*

| Dec 1999 to Sep 2017 | Traditional Portfolio | Portfolio with addition of CTAs |
|---|---|---|
| Total Return | 105.9% | 122.0% |
| Annualised Return | 4.2% | 4.6% |
| Biggest Drawdown | -29.5% | -20.9% |
| Sharpe Ratio | 0.31 | 0.43 |

A second hedge fund strategy that has typically performed well in past periods of market weakness is discretionary macro investing. Unlike systematic strategies such as CTAs, which are computer based, discretionary macro funds rely on the skill of the underlying fund manager. Trading movements in a wide range of macro events these managers were historically very adept at predicting shifts in interest rates based on central bank decisions. With rates globally converging towards zero this removed the opportunity set for these managers which, combined with high fees, has meant returns have been lacklustre at best. The big question from here is whether or not an environment of diverging interest rates as economies exit the downturn at different speeds again creates a more favourable backdrop for macro managers.

**CHART 6: Example performance of a discretionary macro manager in equity down markets**




*Source: Bloomberg. Data series Mar 2008 to Aug 2017.*

There are a multitude of other hedge fund strategies that have defensive characteristics albeit each needs to be assessed on their own merits. For example there are event-driven managers, trading mergers & acquisitions and broader corporate activity, which often seek to hedge out market risk. Alternatively there are long-short equity managers attempting to identify potential winners and capitalise on being short of losers.

Another strand of defensive investments is that of real assets. Be it infrastructure or real estate, these assets have a number of attractions. They provide a yield from their operations and their asset values typically give downside protection. The tangible nature of the underlying assets may also offer some correlation benefits when combined with broader financial markets in addition to inflation protection at a time when inflationary pressures may be re-awakening. Real estate assets are fairly well defined (albeit even here assets can range from prime city investments to warehouses servicing the distribution activities of the on-line retail sector). Infrastructure, in contrast is a far broader church, covering regulated assets such as water, ports and toll roads.

Unfortunately these assets have also seen their values driven up by recent extraordinary monetary policy measures. As interest rates were brought down, investors started looking outside of bonds to those assets with similar characteristics and higher returns. Hence real assets such as property and infrastructure have seen their values rise, diminishing future return prospects. There are still sub-sectors which offer higher prospective returns but this often means dipping into the more esoteric parts of the real estate and infrastructure market with an accompanying increase in risks.

Other potential defensive assets include commodities. This is arguably all commodities, which tend to be beneficial to portfolios when combined with equities, but in practice mainly refers to gold. Gold is very much a marmite asset with 'gold-bugs' viewing it as the ultimate preserver of capital, whereas others are more sceptical. We are not saying we would never hold gold but we do sit in the more sceptical camp. Its lack of income generation and the fact that its price is largely determined by a combination of demand for investment and also for jewellery and to a lesser extent some commercial uses, makes it incredibly hard to value.

Undoubtedly its tangible nature and the inability of governments to influence supply, as they can with fiat money, provides attractions at points of maximum distress but hopefully these are rare!

And then of course there is cash. Cash is clearly an important component of a portfolio's defensive positioning, not least because it provides firepower to purchase assets which are falling in value during bear markets. Again though, with interest rates low, the returns on cash are negligible and there is an opportunity cost to holding cash for extended periods of time, especially in rising inflation environments which may well be the case going forward.

**Portfolio review and activity**

Your company returned 1.9% during the quarter, as its net asset value per share increased from 1,320p at the end of June to 1,345p at the end of September. This performance takes its return over the first six months of the financial year to 5.6%.

The second quarter performance was just behind the MSCI All Country World Index, which rose by 2.1%, but ahead of the other two Key Performance Indicators, beating the 0.8% increase of the UK CPI and the 0.5% fall of the FTSE Gilts All Stocks Total Return Index.

**Core regional funds**

The core regional silo produced positive performance over the quarter, rising by 1.8%. Many of the core regional holdings contributed to the performance, but the biggest contributors included Japanese and European positions.

The two largest contributors were **Goodhart Partners: Hanjo Fund** and **Indus Japan Long Only Fund**, which rose by 8.8% and 5.4%, respectively, over the quarter. Both funds invest in Japan, and they were able to outperform the country's rising market during the period. The Hanjo fund concentrates on small-cap companies, while the Indus fund invests mainly in large and mid-cap stocks. The Indus fund benefited from the strength of Nexon, a gaming stock that was one of its biggest contributors over the quarter. The company reported good earnings figures that were ahead of consensus, as well as providing upbeat guidance for the rest of the year. The managers of both funds continue to seek to take advantage of improving corporate governance standards in Japan, and there are signs of progress being made on this front. Only four companies listed on the first section of the Tokyo Stock Exchange now have no outside directors at all, down from 587 in 2012, and there are signs of increasing levels of shareholder engagement, with a record number of shareholder proposals so far this year.

The portfolio has two positions in passive European holdings, and both contributed to performance as the European markets continued to do well this quarter. The **iShares EURO STOXX Mid UCITS ETF**, which focuses on mid-cap European companies, returned 4.7%, while the **Vanguard FTSE Developed Europe ex UK Equity Index** fund, which invests broadly across Developed European markets, rose by 3.7%. The portfolio's position in the **BlackRock European Hedge Fund** continues to do well this year, rising another 5.1% during the quarter.

The fund has an excellent track record despite a relatively poor year in 2016. The fund's holdings of consumer cyclicals have contributed to performance recently, with the gaming stock Take-Two Interactive rising on the back of good results and increasing recurrent revenue as the company benefits from online in-game purchases.

Emerging markets have performed very strongly this year, and the portfolio's position in Prince Street Institutional, which invests throughout these markets, produced a good return of 7.0% over the last three months. Frontier markets have not been as strong, although they too have produced positive returns so far in 2017. However, the portfolio's position in **SR Global Frontier Markets Fund** declined by 4.0% during the quarter.

The largest detractor to performance over the three months has been **Pershing Square Holdings**, which has continued to underperform. The position declined a further 16.6% during the quarter, as it was hurt by the fall of Chipotle Mexican, the restaurant chain that is the fund's second largest holding, which was damaged by a norovirus incident in Virginia as well as a disappointing reception to a significant new menu item.

**Thematic and Diversifying**

The portfolio has positions in three thematic sector funds, which provide exposure to the financial, technology and healthcare sectors. All three produced modestly positive performances over the quarter. The portfolio's exposure to diversifying investments, which includes funds following a wide range of strategies including discretionary macro, systematic and event-driven, has been increased over the last two years in order to provide sources of returns that are less correlated to equity markets, given the relatively high valuations of equities. During the quarter this part of the portfolio experienced mixed performances. The **Global Event Partners** fund continued to do well, rising by 1.2%, while a new position in **CZ Absolute Alpha**, a UK long-short equity fund, returned 1.9%. Detractors among the diversifying positions included **MKP Opportunity Fund** and **Schroder GAIA BlueTrend**, which fell by 1.1% and 3.2%, respectively.

**Global equities**

When we are assessing a business's long term prospects we spend a significant amount of time evaluating management. If we have bought a good business it should be generating capital, and executive management's primary responsibility is in allocating that capital to generate the best long term returns for shareholders. The choices they have are to reinvest in the business or return the cash to shareholders if they cannot invest it at an acceptable return. Poor management teams tend to invest the capital even if they are unlikely to achieve an adequate return in a bid to build their empires. Great management teams are pragmatic, opportunistic and tend to invest counter-cyclically.

We prefer to have management teams invested alongside us, or if not, at least a motivated controlling shareholder; the average insider holdings in the companies we own is 17% of the shares outstanding versus just 1.8% for the S&P 500 and 3.1% for the FTSE 350.

We built a position in **EXOR** during the third quarter. EXOR is a holding company controlled by the Agnelli family (53% share) which holds stakes in Fiat Chrysler, CNH Industrial, Ferrari, PartnerRe, Juventus and The Economist. The Chairman and CEO is John Elkann who is a member of the Agnelli family. He has done an outstanding job since taking over in 2003 and created a huge amount of value for shareholders. Since becoming public in March of 2009 the total return of EXOR is 947% versus 228% for the MSCI World Index.

The annualised return of over 30% speaks for itself. His ability to take a long term view thanks to his family's large stake in the business is invaluable; he can afford to avoid focusing on quarterly and even annual results, unlike many of his peers in the wider market.

During his tenure he has spun off Ferrari, bought back stock when EXOR was trading at a 40% discount, used those shares at a higher price to buy the insurer PartnerRe, diversifying the Company away from cyclical end markets, and alongside FIAT CEO Sergio Marchionne he engineered a deal with the bankrupt Chrysler to buy it, using Chrysler's own cash.

At the holding company level, he re-domiciled EXOR to Holland in order to reduce the tax rate to less than 1.5%, he reduced the number of employees from 40 to 10, and he cut overall head office costs (including his own salary) to less than 10bps of NAV. The proportion of independent directors on the board has moved from 24% in 2009 to 53% today. Finally, and perhaps the most telling, he created a structure whereby holders of EXOR's companies receive enhanced voting rights related to the length by which they have held the shares.

Just because management are aligned with shareholders and it has a strong track record, it does not necessarily follow that the company is a good investment; to quote Elkann "one more condition which I believe is indispensable: the price must be right". EXOR trades at 70% of the value of the sum of its underlying holdings, which provides us with a margin of safety. However, we believe that the holdings are themselves undervalued, so the discount to intrinsic value is actually much larger. On this basis, if EXOR can compound its returns at just one-third of its historic rate then it should be an excellent investment.

Elsewhere the transition to a global equity portfolio has continued with purchases of **CBRE, Iridium Communications, Orion Engineered Carbons, Samsung** and **TripAdvisor**. In order to fund these we sold our holding in **Goals Soccer Centres** and reduced our holdings in **UBM, NCC** and **Brooks Macdonald**.

**Ocean Wilsons Holdings**

The political crisis in Brazil continues, affecting the company's exposure there through Wilson Sons. Brazil's president, Michel Temer, who replaced Dilma Rousseff following her impeachment last summer, presides over a government with record low approval ratings, and has recently himself been accused of criminal charges by the chief prosecutor. The uncertainty that such events cause is not helpful, but after many years of political turmoil in Brazil, this has come to be expected. Meanwhile, Wilson Sons is

beginning to reap the rewards of its $1bn investment over the past ten years, and its rate of capital expenditure is now declining. Nevertheless, the company's management remains committed to carrying out the expansion project at the Tecon Salvador container terminal, which has previously been agreed with the granting authority, and is viewed as crucial in preserving the terminal's competitive positioning. Phase one of the project will see the quay length almost doubled to 800m between the end of 2017 and 2019, and will be followed by further investments to increase the capacity of the terminal.

The Wilson Sons second quarter earnings, which were released in August, were up considerably compared to the same quarter the year before. EBITDA rose by 21.1%, or by 21.4% including the offshore business on a pro forma basis, thanks to solid results in the towage and terminals businesses. In the container terminals division there was strong growth in import volumes at Tecon Rio Grande, which were up 17.6%, driven by spare parts and steel products. In towage, revenues increased by 6.0%, mainly driven by the 5.7% operating volume increase, with better results in some ports and an increased number of calls by grain ships. As expected, there was a reduction in revenues from special operations as the number of salvage and oil & gas operations declined.

Wilson Sons is considering the possibility of a listing on the Novo Mercado segment of the stock exchange. This would require the company to voluntarily adopt good corporate governance practices in addition to those required by Brazilian law, and it is hoped that this would help boost the share liquidity, which would be welcomed by investors.

The Ocean Wilsons Investment subsidiary was valued at $259.0m at the end of June 2017, which was an increase of $20.1m (8.4%) from the valuation at the end of December 2016 ($238.9m), after dividends of $3.5m were paid from the portfolio. The portfolio continues to be biased towards equities, both public and private, reflecting its long-term nature.

The Ocean Wilson Holdings share price has continued to perform well this year, having started on a strong upward trajectory last June. During the third quarter of 2017 the share price rose by another 5.0%. It has risen by 11.7% over the last 12 months, and by 16.7% on a total return basis, taking account of the 48.9 pence dividend that was paid to the Trust in June. The share price represents a discount to the look-through NAV of 35.9%, based on the market value of the Wilson Sons shares together with the latest valuation of the investment portfolio.

**Summary**

Market timing is difficult. Whilst a handful of investors have achieved legendary status through identifying past market tops, the list of names that have tried to do this and failed is far longer! This suggests a progressive approach to adding defensive assets is prudent.

The challenge of course is to identify which assets are truly defensive. With almost all assets having seen their prices buoyed by the huge amounts of liquidity injected into markets, prices have become increasingly interconnected. Hence the traditional defensive asset class of choice, fixed income, where one would historically have sought solace, is unlikely to perform this role to the same degree in the next downturn and, indeed, may even be part of the cause of the next bear market.

We have discussed some of the areas that may succeed in preserving capital, although we suspect the skill of the individual manager will become increasingly important in achieving this goal.

**Alec Letchfield**
September 2017

HANSA TRUST PLC



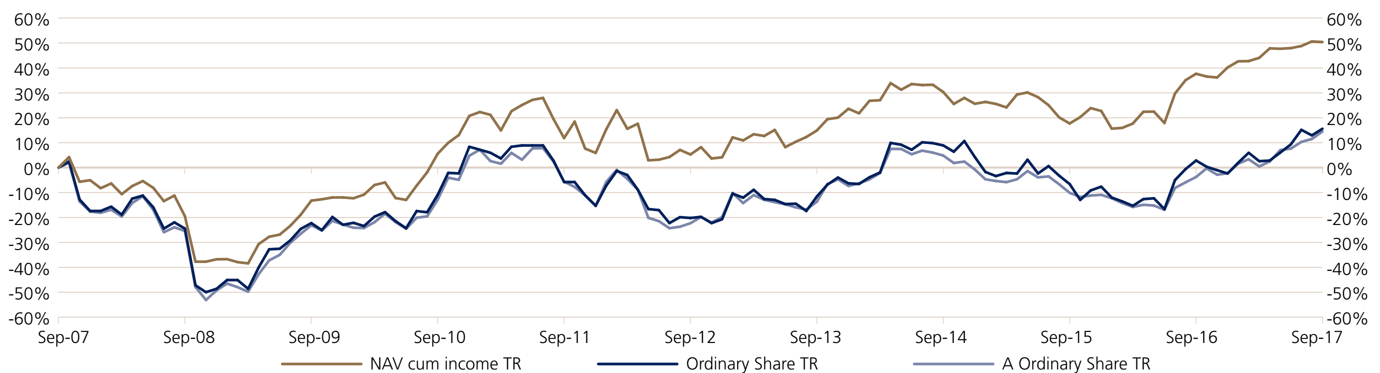
| TOP TEN HOLDINGS (%) | |
|---|---|
| Ocean Wilsons Holdings Limited (OWHL)* | 31.3 |
| Findlay Park American Fund | 4.8 |
| GAM Star Fund plc – Technology | 3.7 |
| Vulcan Value Equity Fund | 3.7 |
| DV4 Ltd | 3.7 |
| Select Equity Offshore, Ltd | 3.4 |
| Goodhart Partners: Hanjo Fund | 3.2 |
| Hansteen Holdings PLC | 3.1 |
| Adelphi European Select Equity Fund | 2.7 |
| Indus Japan Long Only Fund | 2.7 |
| **Total** | **62.3** |
| *comprising Wilson Sons | 21.3 |
| Ocean Wilsons (Investments) | 10.0 |

| SECTOR ANALYSIS (%) | |
|---|---|
| Strategic – Wilson Sons | 21.3 |
| Global Equities | 16.7 |
| Thematic & Diversifying Assets | 27.8 |
| Core Regional Funds | 33.6 |
| Cash | 0.6 |
| **Total** | **100.0** |
| No. of Holdings | 56 |

| ANALYSIS OF ASSETS (£M) | |
|---|---|
| Total Investment | 321.4 |
| Net current assets/(liabilities) | (2.4) |
| Total assets | 319.0 |
| Short-term borrowing | 0.0 |
| YTD revenue | 3.9 |
| **Net assets** | **322.9** |
| Gearing | 0% |

*OWHL operates through two principle subsidiaries: Wilson Sons Ltd and Ocean Wilsons Investments Ltd (OWIL). The fair value of Hansa Trust's holding in OWHL has been apportioned across the two subsidiaries in the ratio of the latest reported NAV of OWIL, that being the NAV of OWIL shown per the 30 June 2017 OWHL quarterly update, to the market value of OWHL's holding in Wilson Sons, that being the bid share price of Wilson Sons multiplied by the number of shares held by OWHL at 30 September 2017.

## 10 YEAR NAV AND SHARE PRICE TOTAL RETURN




*Sources: Hansa Trust internal, unaudited data*

## FINANCIAL

| PERFORMANCE STATISTICS (%) | Last Month | Financial YTD | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
|---|---|---|---|---|---|---|
| Net Asset Value | -0.2 | 5.0 | 7.8 | 12.2 | 33.7 | 29.8 |
| Total Return on Net Asset Value | -0.2 | 5.6 | 9.1 | 16.9 | 43.2 | 51.1 |
| Share Price – Ordinary Shares | 2.4 | 11.7 | 10.3 | 0.2 | 31.8 | -4.7 |
| Total Return on Ordinary Shares | 2.4 | 12.7 | 12.4 | 6.1 | 44.9 | 15.6 |
| Share Price – 'A' non voting Ordinary Shares | 2.7 | 12.9 | 16.8 | 3.0 | 33.9 | -5.9 |
| Total Return on 'A' non voting Ordinary Shares | 2.7 | 14.0 | 19.0 | 9.2 | 47.4 | 14.5 |
| Total Return MSCI All Country World Index GBP | -2.0 | 1.7 | 14.5 | 49.6 | 95.3 | 122.1 |

Sources: Hansa Trust internal, unaudited data; MSCI

## FCA – STANDARDISED PERFORMANCE INFORMATION

| 12-month Period | 2012Q3 to 2013Q3 | 2013Q3 to 2014Q3 | 2014Q3 to 2015Q3 | 2015Q3 to 2016Q3 | 2016Q3 to 2017Q3 |
|---|---|---|---|---|---|
| Bid price percentage movement – Ordinary Shares | 9.0 | 21.6 | -15.9 | 6.4 | 10.5 |
| Bid price percentage movement – 'A' non voting Ordinary Shares | 8.5 | 20.0 | -16.1 | 4.5 | 17.3 |

*Sources: Hansa Trust internal, unaudited data*

# HANSA TRUST PLC



| | |
|---|---|
| **LAUNCH DATE:** | 1912 (name changed to Hansa Trust in October 2001) |
| **INVESTOR SECTOR:** | Global |
| **CAPITAL STRUCTURE:** | 8,000,000 Ordinary shares of 5p and 16,000,000 'A' non voting Ordinary shares of 5p. The Ordinary shareholders are entitled to one vote per Ordinary share held. The 'A' non-voting Ordinary shares do not entitle the holders to vote or receive notice of meetings, but in all other respects they have the same rights as the Company's Ordinary shares. |
| **YEAR END:** | 31st March |
| **DIVIDEND POLICY:** | The current dividend policy is to announce at the start of the financial year the expected amount of two interim dividends, to be paid each Financial Year.<br>**Interim(s) –** for financial year to 31 March 2018, First Interim Dividend of 8.0 pence per share to be paid on 30 November 2017, Second Interim predicted to be 8.0 pence per share payable in May 2018.<br>**Final (if required) –** ex date June and payment date August |
| **DIRECTORS:** | Chairman – R.A. Hammond-Chambers<br>J. Davie, Lord Oxford, W.H. Salomon, Prof. G.E. Wood |
| **OWNERSHIP:** | Board of Directors and Related Holdings parties own or are interested in 26.60% of the Ordinary shares and 0.87% of the 'A' non voting Ordinary Shares at 30 September 2017. |
| **PORTFOLIO MANAGER:** | Alec Letchfield, Hansa Capital Partners LLP authorised and regulated by the Financial Conduct Authority (FCA) |
| **ALTERNATIVE INVESTMENT FUND MANAGER:** | Maitland Institutional Services Limited authorised and regulated by the FCA |
| **MANAGEMENT FEE:** | 1% p.a. of NAV (excluding the holding in OWHL) payable monthly |
| **KEY PERFORMANCE INDICATORS:** | The Board considers that the use of a single benchmark won't always offer shareholders the relevance and the clarity needed with regard to the performance of their Company. Therefore the Board considers the following KPIs when assessing the performance of the Company: UK CPI, MSCI ACWI TR GBP and FTSE Gilts All Stock TR. |
| **INVESTMENT POLICY:** | The investment policy adopted by the Board, which constitutes the Company's business model, is to invest in a portfolio of quoted and unquoted special situations, which may not normally be available to the general public, with the objective of achieving growth of shareholder value. By the very nature of special situation investments, the opportunity to invest in them will arise at any time and often not for long periods. Sometimes a number of opportunities may arise at the same time. Any single investment may, on occasion, constitute a significant proportion of the portfolio and/or that of the company concerned. |
| **FCA INVESTMENT RESTRICTION:** | It is the stated policy of the Board not to limit investments in Investment Companies to less than 15% of gross assets as detailed in the FCA Listing Rules Chapter 21.20 (i) |
| | Listed Investment Company holdings where the investee company has a policy that does not limit them to investing less than 15% of gross assets in other listed investment Companies (%): **NONE** |
| **INVESTOR INFORMATION:** | The Company currently manages its affairs, so as to be a qualifying investment trust for ISA purposes for both the Ordinary and 'A' non voting Ordinary shares. It is the present intention that the Company will conduct its affairs so as to continue to qualify for ISA products.<br>In addition, the Company currently conducts its affairs so that the shares issued by Hansa Trust PLC can be recommended by Independent Financial Advisers to ordinary retail investors, in accordance with the Financial Conduct Authority's (FCA's) rules in relation to non-mainstream investment products, and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products, because they are shares in an investment trust.<br>FATCA – Hansa Trust is registered as a Reporting Financial Institution with the US IRS for FATCA purposes. |

**CONTACT DETAILS**

For further information from
Portfolio Manager & Corporate Secretary
Hansa Capital Partners LLP
50 Curzon Street
London W1J 7UW

Authorised and Regulated by the
Financial Conduct Authority
Phone: 020 7647 5750
Fax: 020 7647 5770
E-mail: hansatrustenquiry@hansacap.com
Website: www.hansagrp.com

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|---|---|
| **INVESTMENT ROUTES** | Hansa Trust PLC does not provide access for investment into the Company |
| **AVAILABLE WITHIN WRAPPER PRODUCTS** | ISA & Savings Schemes (through third party Plan Managers) |
| **AVAILABLE OUTSIDE WRAPPER** | Direct Dealing through investors own stockbroker/ bank facilities |

Current and historic factsheets, current share prices and published reports are available on our website at **www.hansatrust.com**

| **FUND CODES** | **ORDINARY SHARES** | **'A' NON VOTING ORDINARY SHARES** |
|---|---|---|
| SEDOL: | 0787972 | 0787983 |
| ISIN: | GB0007879728 | GB0007879835 |
| RIC Code: | HAN.L | HANA.L |
| Bloomberg Code: | HAN LN | HANA LN |
| LEI: | 213800AIF87JWGLA1L74 | |

**#IMPORTANT INFORMATION** With effect from 1 June 2008 Net Asset Values and returns have been restated on a cum income basis in accordance with the practice of the Association of Investment Companies of which Hansa Trust PLC is a member. Total Returns on Net Asset Value and Shares have been sourced from unaudited internal management information. Other than Standardised Performance Information prices quoted are mid price and performance returns are mid to mid.

Risk Warning: The information provided here has been issued by Hansa Capital Partners LLP, which is authorised and regulated by the Financial Conduct Authority. Share and performance information has been compiled by Hansa Capital partners LLP. Past performance is not necessarily a guide to future performance as market and exchange rate movements may cause the value of shares and income from them to fall as well as rise, and an investor may not get back the amount invested. Investment Trust share prices may not fully reflect underlying net asset values. The spread on Investment Trusts typically averages 1-2% each way on the mid-market price (the price half way between the bid and offer prices). However, investors wishing to invest in Hansa Trust shares should note that the market for these shares is at times quite illiquid which leads to a large spread between the buying and selling prices, the bid to offer spread. For example, for the 'A' shares, as at 30 September 2017 the bid to offer spread was 1.6%*.

*Source: Bloomberg