

23 December 2024

Majedie Investments PLC

Annual Financial Report

Majedie Investments PLC ("Majedie" or "the Company") announces its full year results for the 12 months ended 30 September 2024.

Highlights:

- Strong performance for the year, comprising a Net Asset Value ("NAV") total return (including dividends) of +21.5%.
- Declared dividend payments totalled 8.0 pence per share for the year.
- The discount to NAV narrowed from -18.7% to -17.4% at the end of September, averaging 12.2% over the year.
- At 30 September 2024, as a percentage of total assets, External Managers comprised 63.7%, Direct Investments 23.7%, Special Investments 17.0%, UK Gilts 5.3%, Cash 2.3% with other net current assets and debenture of -12.0%.
- The Board is negotiating the terms of a Revolving Credit Facility of up to £15 million. The outstanding Debenture of £20.7m with a coupon of 7.25% is repayable in March 2025 and will not be replaced.

Christopher Getley, Chairman of Majedie Investments, said: "The year has been successful for Majedie with a NAV total return of 21.5% and where each of the three core strategies added meaningfully to the overall returns. The low correlation of performance between the forty-two holdings in the portfolio has been retained, underpinning the Board's confidence in the strategy that was approved by Shareholders in January 2023.

The Board has reclassified four Special Investments from Level 3 to Level 2 in the Fair Value Hierarchy. While the instruments have restricted liquidity, the underlying investments are active listed securities with observable prices on active quoted markets. The Board believes that this is the correct classification both from a technical accounting position and to align with the Liquid Endowment Strategy. As a result of this decision, the assets in Level 3 are now less than 1%.

Although global equity markets are close to all-time highs, bond markets more subdued and geopolitical stability appears to be no closer, we believe this presents opportunities as well as risks for Majedie. The Liquid Endowment Strategy will continue to focus on investment ideas where the Manager's analysis has determined the greatest conviction of strong returns, together with resilience to unforeseen events and low correlation between portfolio positions."

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About [Majedie Investments](#):

Majedie Investments PLC is an investment trust whose objective is to deliver long-term capital growth whilst preserving shareholders' capital and paying a regular dividend. The performance target is to achieve net annualised total returns (in GBP) of at least 4 per cent. above the UK CPI, over rolling five-year periods.

The Majedie Investments PLC portfolio features a combination of hard-to-access special investments, allocations to funds managed by boutique third-party managers, and direct investments in public equities.

LEI: 2138007QEY9DYONC2723

About [Marylebone Partners](#):

Marylebone Partners LLP ("Marylebone") is an independent investment manager, owned by its principals. It helps families, charities, endowments, trusts and private investors to protect and grow their wealth in real terms.

Marylebone's defining characteristic is its ability to access differentiated fundamental investments, many of which never come onto the radar screen of other allocators. This capability is the key to delivering superior performance outcomes over the years ahead.

The partnership was founded in 2013 with the vision of bringing a distinctive investment approach to clients who sought a relationship based on trust and transparency. This remains Marylebone's sole purpose today.

Marylebone Partners LLP is authorised and regulated by the Financial Conduct Authority.

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2024

Investment Objective

The Company's investment objective is to deliver long-term capital growth whilst preserving shareholders' capital, and to pay a regular dividend.

Performance Target

Performance target

The performance target is to achieve net annualised total returns (in GBP) of at least 4% above the UK Consumer Prices Index over rolling five-year periods.

Financial Highlights

	2024	2023
Share price total return (including dividends)†	24.1%	26.2%
Net asset value total return (debt at fair value including dividends)†	21.5%	14.1%
Total dividends (per share)†	8.0p	7.2p*

†Alternative Performance Measures

Please refer to the Annual Report for definitions and a reconciliation of the Alternative Performance Measures to the financial statements

* Dividends disclosed represent dividends that relate to the Company's financial year.

Year's Summary

	Note (see below)	2024	2023	%
As at 30 September				
Equity Shareholders' Funds		£151.5m	£128.1m	+18.3
Total returns (capital growth plus dividends)				
Net asset value per share total return (debt at fair value)	†	21.5%	14.1%	-
Share price total return	†	24.1%	26.2%	-
Capital returns				
Net asset value per share (debt at fair value)		285.8p	241.6p	+18.3
Share price		236.0p	196.5p	+20.1
Discount				
Discount of share price to net asset value per share (debt at fair value)	†	17.4%	18.7%	-
Gearing				
Gearing	†	9.8%	9.2%	-
Potential gearing	†	13.7%	16.2%	-
Revenue and dividends				
Net revenue available to Equity Shareholders		£0.0m	£0.9m	-100.0
Net revenue return per share		0.0p	1.6p	-100.0
Total dividends per share		8.0p	7.2p*	+11.1
Ongoing Charges Figure	† §	1.4%	1.6%	-

† Alternative Performance Measures

Please refer to the Annual Report for definitions and a reconciliation of the Alternative Performance Measures to the financial statements.

Excludes performance fee where payable.

§ Excluding charges of underlying funds which account for approximately 1.0% of the Company's portfolio.

* Dividends disclosed represent dividends that relate to the Company's financial year.

Year's High/Low

		2024	2023
Share price	high	254.0p	223.0p
	low	192.0p	158.0p
Net asset value - debt at fair value	high	285.8p	257.6p
	low	236.3p	219.9p
Discount - debt at fair value	high	17.4%	30.8%
	low	7.6%	8.0%

Ten Year Record
to 30 September 2024

NAV
Per

Year	Total Assets ⁺⁺	Equity share-holders' Funds	Share (Debt at par value)	Share Price	Discount [†]	Earnings	Total Dividend ^{**}	Gearing ^{Φ†}	Potential Gearing ^{Φ†}	Ongoing Charges Figure [†]
End	£000	£000	Pence	Pence	%	Pence	Pence	%	%	% [†]
2015	183,708	149,807	281.9	257.3	8.74	9.42	8.00	21.25	22.63	1.88
2016	203,917	169,986	318.1	257.1	19.18	9.25	8.75	18.46	19.96	1.58
2017	216,507	182,544	341.6	281.5	17.59	11.14	9.75	17.09	18.61	1.54
2018	199,151	178,626	334.3	277.5	16.99	12.47	11.00	10.01	11.49	1.33
2019	175,621	155,074	292.3	256.0	12.42	12.92	11.40	11.50	13.25	1.34
2020	152,153	131,333	247.7	176.5	28.74	9.11	11.40	10.97	15.85	1.34
2021	172,951	152,153	287.1	230.0	19.89	9.41	11.40	12.26	13.67	1.25
2022	137,647	116,887	220.6	163.5	25.80	5.20	8.60	12.65	17.80	1.34
2023	148,794	128,073	241.7	196.5	18.70	1.62	7.20	9.16	16.23	1.98
2024	151,490	151,490	285.8	236.0	17.40	(0.05)	8.00	9.83	13.70	1.38

Notes:

⁺⁺ Total Assets are defined as total assets less current liabilities. Prior to 2024 the Company's 2025 debenture was classed as a non-current liability.

^{**} Dividends disclosed represent dividends that relate to the Company's financial year. Under UK adopted International Accounting Standards dividends are not accrued until paid or approved. Total dividends include special dividends paid, if any.

^Φ Calculated in accordance with AIC guidance.

Excludes performance fee where payable and includes ongoing charge figure of underlying funds.

[†] Alternative performance measures - please refer to the Annual Report for definitions and a reconciliation of the Alternative Performance Measures to the financial statements.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

The financial year ending September 2024 has been a successful one for your Company's Liquid Endowment Strategy with the Net Asset Value ("NAV") with debt at fair value growing by 18.3%. The declared quarterly dividend payments totalled 8.0 pence per share during the year resulting in a NAV total return to shareholders of 21.5%. The share price traded at an average discount to NAV of 12.2% during the year and at the end of September the discount was 17.4%.

Each of the three core strategies within the Liquid Endowment Strategy, namely External Managers, Direct Investments and Special Investments, added meaningfully to the overall returns. The low correlation of performance between the forty-two holdings in the portfolio has been retained through the year, giving the Board confidence in the strategy that was approved by the Shareholders in January 2023.

Markets remained volatile during the Company's financial year which began with a strong upward move in global equity indices led by an expansion in the valuation multiple of a small group of US mega-cap growth stocks. Towards the end of the year, there were sharp declines in equity prices during early August led by the Bank of Japan's decision to raise interest rates to ease the pressure on the Japanese Yen. This was followed by a rapid recovery in many markets during September following the Chinese Government's intervention to stimulate their economy.

Whilst disparate in nature and geography, these significant market events during the year typify the dramatic change, as your Board sees it, to the market environment which the Company must address. For over twenty years a key driver has been the downward trend in interest rates which have been below inflation for much of the time since the 2008 financial crash. During this period of relatively inexpensive capital, Governments have run substantial fiscal deficits and companies have developed long, low-cost supply chains that proved to be susceptible to geopolitical risk.

These trends appear at least to be in question and financial market reaction has been volatile and often driven more by decisions focused on domestic issues in individual countries than by international consensus. Greater inflationary pressure and higher cost of capital seem likely consequences of this dislocation. Whilst both offer opportunities in financial markets, they may not be consistent with the mean reversion approach that has been the core of many successful investment strategies for some time.

A flexible approach that focusses in detail on specific opportunities which are sufficiently liquid both to exploit identified situations and to minimise risk of extended exposure when conditions change for the worse, is consistent with such a dislocation. At the time of the manager review in late 2022 the Board focused on identifying an endowment style strategy that would enable the Company to grow over time through strong performance, developing the Company's culture and clear differentiation that uses the benefits of the investment trust structure. The results to date give the Board confidence that the decision to appoint Marylebone Partners was the correct one for the current market environment and to deliver on the target of 4% above UK CPI over five-year periods.

As previously mentioned, the investment approach includes three complementary strategies comprising, as a percentage of total assets, at September 2024: External Managers (63.7%), Direct Investments (23.7%) and Special Investments (17.0%). The Company also held UK Gilts (5.3%), Cash (2.3%) and other net current assets and debenture of -12.0%. Whilst remaining equity centric, the drivers of the investments are fundamental, idiosyncratic and generally not macro predicated.

unsystematic and generally not macro predicated.

During the year four Special Investments, where the underlying assets are co-investments in the securities of substantial public companies, have been reclassified from Level 3 to Level 2 in the Fair Value Hierarchy set out in Note 23 of this report. Whilst the instruments in which Majedie is invested have restricted liquidity, the individual investments underlying each of these Projects are single active listed securities with observable prices on active quoted markets. The Board has decided that this is the correct classification of these assets both from a technical accounting position and to align with the Liquid Endowment Strategy.

The Investment Manager's report covers the detail of the investment portfolio and the drivers of performance. The Board has been encouraged by the relative consistency of results through the year and by the extent of research made available on each investment thesis. The relationship with Marylebone Partners has developed well through this year in both of its roles as Manager and those under the AIFMD.

It is a core function of an investment trust Board to bear down on costs where possible. The Company's Ongoing Charges Figure ("OCF") measured solely on the costs of running the Company fell from 1.6% in 2023 to 1.4% in 2024. The OCF including the cost of investing in External Managers was 2.4% in 2024. The Board understands that the skills in those specialist areas in which the External Managers invest requires substantial original research work which inevitably incurs additional cost. Additionally the Board notes that the costs associated with the External Managers is expected to fall over time as the exposure to Special Investments grows, as they typically have lower management fees.

The Company has an outstanding Debenture of £20.7m with a coupon of 7.25% that is repayable in March 2025. Following discussion with Marylebone the Board has concluded that it will not replace this structural gearing. Instead the Board is negotiating a smaller Revolving Credit Facility to allow a more flexible approach to employing leverage within the Company's operations.

Juniper Partners has taken on the roles of Administrator and Company Secretary seamlessly and the new Auditors from Johnston Carmichael have ensured an efficient and timely process to the audit.

Heinrich Merz joined the Board in March 2024. His deep experience as a leading practitioner in the absolute return and alternative investment industry has already made a substantial contribution to the Majedie Board. Otherwise the Board has enjoyed a year of stability and I am grateful for the commitment and wise counsel of my colleagues.

Considerable focus has been placed through the year on the development of the shareholder base to enable expansion in the future, which was one of the key aims of the Manager Review in 2022. Significant additions to the shareholder list have occurred during the year and the Company remains fortunate in having a supportive Barlow family shareholder group. The Marylebone team responsible for this activity has grown and the results from the Investor Day in June 2024, greater presence on social media and increased marketing through trade press and retail platforms have been helpful in developing this important step towards growth.

Whilst equity markets globally are generally close to all-time highs, bond markets are more subdued due to the persistence of inflationary pressure. Following the super election year of 2024 in which over 60 countries will have had polls, geopolitical stability appears no closer. Against this background there are both significant risks and opportunities facing financial markets. Majedie's Liquid Endowment strategy will continue to focus on those investment ideas where the Manager's analysis has determined the greatest conviction of strong returns, together with resilience to unforeseen events and low correlation between portfolio positions.

This year's AGM will be held at The City of London Club, 19 Old Broad Street, London EC2N 1DS at 12.00 noon on Wednesday 19th February 2025. The Investment Manager will present the details of the portfolio, its strategy and outlook. My colleagues and I look forward to welcoming shareholders to that meeting. Following the AGM the Investment Manager's presentation will be available on the Company's website for those who cannot attend.

In the meantime, I thank you for both trusting and supporting Majedie Investments.

Christopher D Getley
Chairman

20 December 2024

INVESTMENT MANAGER'S REPORT

Investment Strategy

As fundamental active investors, we believe that markets are not always efficient at discounting the value of future cash flows that accrue to the long-term owner of an asset. However, dislocations can sometimes arise as the result of macro influences, behavioural biases, or because participants struggle to process new information in real time.

information in real time.

These dislocations create opportunities for us to add value. Our process is designed to identify assets that are mispriced relative to their intrinsic value and take advantage through our team's fundamental analysis and subjective judgment.

Majedie's investment trust structure is well suited to an unconstrained, benchmark agnostic mandate. When we feel strongly about the risk-adjusted return potential of a situation, we will pursue it with conviction.

Our discipline about what not to invest in is just as important. We will not allocate to areas or strategies outside our sphere of competence, nor to situations where outcomes are predicated on unknowable extraneous variables such as moves in currencies or interest rates. We do not allocate to exotic markets, macro-driven situations, quantitative strategies or complex instruments.

The Liquid Endowment Strategy is designed to emulate the long-term fundamental mindset that has driven the success of the elite university endowments in the United States. With equities at their heart, and minimal exposure to assets where the return expectations are lower, these programmes have harnessed differentiated performance from long-term fundamental strategies. However, where we differ for Majedie is by choosing not to allocate to deeply illiquid strategies such as private equity, venture capital or real estate. We believe it is possible to achieve superior returns without locking up capital for multi-year periods or investing in assets where pricing is subjective.

The closed ended nature of the investment trust structure enables us to invest for the long-term, in the knowledge that we will not be forced to monetise invested positions before they have reached our expectation of fair value.

We believe in the power of an actively managed portfolio that combines three strategies, each fighting for capital.

Grossed up net equity exposure as of 30 September 2024

Regional Exposure	
North America	53.6%
Europe	35.1%
Emerging Markets (inc Asia)	6.5%
Asia Pacific	3.5%
Japan	1.3%

Sector Exposure >5%	
Industrials	20.7%
Information Technology	19.7%
Materials	18.9%
Health Care	13.3%
Consumer Discretionary	9.4%
Cash & Equivalents	5.9%
Other	12.1%

Performance Highlights

The portfolio's net asset value (NAV) per share total return for the financial year ending 30th September 2024 was +21.5%.

External Managers led the way, with the equity-centric component (approximately half of the total) contributing over +1000bps. The **Helikon Long/Short Equity Fund** made the biggest contribution to performance at +369bps. The **Praesidium Strategic Software Opportunities Fund** and **Paradigm BioCapital Partners Fund** both contributed over +150bps.

These returns were supplemented by absolute-return managers, who made a largely uncorrelated contribution of over 450bps. Each of the six specialist credit funds within this part of the portfolio performed well, in particular the **Millstreet Credit Offshore Fund** and the **Silver Point Capital Offshore Fund**. While the **Contrarian Emerging Markets Offshore Fund** was the best-performing absolute-return manager, contributing over +185bps as various positive catalysts played out in Latin American positions.

Although Direct Investments achieved positive absolute returns, the performance of this part of the portfolio lagged the markets because we chose not to own any of the mega-cap growth stocks that led the indices, in our opinion it makes our current investments even more attractive on a risk-adjusted basis. Looking forward, we believe many of the most compelling equity investments lie in quality stocks that have been largely ignored by the market.

The main contributors were **Westinghouse Air Brake Technologies Corp** at +100bps, **Global X Copper Miners ETF** at +72bps and **SS&C Technologies Holdings Inc**, which added +59bps. **Evolent Health Inc**, **Basic-Fit NV**, **Alight Inc** and **United Health Group** detracted from performance.

The contribution from Special Investments was positive, despite the fact we have yet to reach our initial target allocation of 20% of the total portfolio. Partly, this is because some investments appreciated towards fair value sooner than expected, so cash came back to us faster than anticipated. More significantly, we have been - and will remain - highly selective when making special investments. We turn down five ideas for every one that makes the grade.

In recent months we monetised our investment in a co-investment in the public equity of **Shack Shake Inc** for an internal rate of return (IRR) of 50% and a 1.5x multiple of invested capital (MOIC) over 18 months. We exited a co-investment in **Metro Bank Plc Senior Non-Preferred MREL-eligible Bonds** for an IRR of 19.8% and a MOIC of 1.3x. An investment in the public equity of **Alkami Inc** was also realised for a strong gain. A co-investment in the public equity of **Concentrix Corp** was the only meaningful detractor.

The Portfolio

External Managers

We have been identifying and evaluating funds managed by exceptional fundamental investors for over two decades. Each manager we select for the Majedie portfolio has undergone a rigorous quantitative and qualitative selection process and is a specialist in a sector, region or style category that we consider structurally inefficient and, therefore, opportunity rich. We do not invest in managers who pursue a generalist approach. Most of our managers pursue equities strategies, but the portfolio also has a significant allocation to specialist credit strategies.

We believe alignment of interests and motivation are important and we tend to favour managers who operate within boutique, owner-operated firms. As they are investment led, their strategies are sometimes capacity constrained and Majedie can therefore be a way to access otherwise closed funds. The managers that feature in the Majedie portfolio rarely feature in the portfolios managed by our peers.

External Managers	
Allocation Range	30%-60%
Portfolio Allocation GBP	96.6m
Current Allocation	63.7%
Number of Holdings	14

Distinguishing Features
Global Network of leading specialist funds
Owner operated boutiques, no products
Capitalising on structural inefficiencies
Fundamental strategies, skill-based returns

Absolute Return	
Specialist Credit ¹	29.1%
Equity Centric	
Regional Specialists ²	12.8%
Sector Specialists ³	9.4%
Style Specialists ⁴	5.9%

1. Specialist Credit: an investment strategy that focuses on specific segments of the credit market, utilising specialist knowledge and expertise in specific credit sectors with the aim of achieving higher returns than traditional fixed income investments.
2. Regional Specialists: an Investment Manager who focuses on investment opportunities within a specific geographical area or region.
3. Sector Specialists: an Investment Manager that focuses on investment opportunities within a specific industry or sector of the economy.
4. Style Specialist: an Investment Manager who focuses a particular style of investing. Examples include a focus on market capitalisation (small-cap, mid-cap or large-cap), or a growth versus value orientation.

Source: Marylebone Partners LLP, as of September 2024

The Portfolio held 18 funds managed by leading investors in their respective niches over the year. At the year end the Portfolio held 14 funds.

External Managers with an equity-centric profile have added value through their stock picking in areas that include mid-cap Biotechnology (**Paradigm BioCapital Partners**) and Software (**Praesidium Strategic Software Opportunities Fund**). It is notable that the **Perseverance DXF Value Feeder Fund** - a specialist in Greater China - performed well in what were wildly diverging conditions for local markets over the course of the year.

Largest Five Equity Centric External Manager Holdings as of 30 September 2024				
Security	Position Size	Expertise	Geography	Style
Helikon Long Short Equity Fund	6.2%	Special Situations	Europe	Long bias
Praesidium Strategic Software Opportunities Offshore Fund	5.5%	Software	United States	Long bias
Paradigm BioCapital Partners Fund	5.4%	Bio Tech	U.S. - centric	Long bias
Castleknicht Offshore Fund	4.9%	Special Situations	U.S. - centric	Long bias
Perseverance DXF Value Feeder Fund	4.7%	Greater China	Asia	Long only

Alongside the equity-centric managers, we have allocated 50% of the External Manager sub-portfolio to specialist credit funds, with an emphasis on process-driven stressed and distressed debt. Not only do we believe the potential returns are greater here than from passive credit strategies, but the managers can drive outcomes through their actions, making this a higher quality and lower risk way of investing in the current credit environment.

Despite much tighter spreads on corporate credit than this time a year ago, we continue to see positive risk adjusted return potential from our managers in this area.

Largest Five Specialist Credit External Managers as of 30 September 2024				
Security	Position Size	Expertise	Geography	Style
Silver Point Capital Offshore Fund	6.5%	Stressed/Distressed	Global	Absolute Return
MillStreet Credit Offshore Fund	6.4%	High Yield	U.S.	Absolute Return
Contrarian Emerging Markets Offshore Fund	6.4%	Emerging Market Credit	Emerging Markets	Absolute Return
CQS Credit Multi-Asset Fund	4.5%	Liquid Credit	Global	Absolute Return
Eicos Fund	4.3%	High Yield	Europe	Absolute Return

We added three new managers last year, exiting other lower conviction positions to make room. Strategic Capital's **Japan-Up Fund** was the most recent addition, the culmination of a year-long search for an exceptional country specialist manager. Strategic Capital is regarded as a pioneer of shareholder activism in Japan. We believe they have the tools and resolve to unlock value from a handful of entrenched small and midcap companies. They have been doing so to great effect since 2012, regardless of the direction in which Japan's macro winds are blowing. In addition, we added two specialist credit funds: **CQS Credit Multi-Asset Fund** and **Context Partners Offshore Fund**.

Case Study: The Helikon Long/Short Equity Fund

Case Study: The Helikon Long/Short Equity Fund

Fund Launch	2020
Firm AUM Euro	3.6bn
Strategy AUM Euro	3.6bn

Helikon Investments manages a European 'special situations' fund, launched in 2020. The firm is London-based with a research office in Milan. Under CIO Federico Riggio, the same team ran a successful strategy when at Kairos, a part of Julius Baer. The team has been together since 2008.

Helikon's investment philosophy is consistent with our own. Riggio and his team will look through the short-term noise and volatility created by other market participants and seek to take advantage of it. Their competitive advantage comes from investing with a business owner's mindset in high-quality businesses, at what they see as a significant discount to intrinsic value. The fact that European markets are characterised by ongoing dislocations between price and fundamentals creates an enduring opportunity for an investor like Helikon.

Each of the fund's investments can be described as a 'special situation', with idiosyncratic drivers and an identifiable reason for the mispricing. The fund invests across the market capitalisation spectrum, with a focus on some of the less glamorous sectors such as Financials, Utilities, Materials, Real Estate and Energy. The strategy is long-biased (with targeted shorting of bad businesses that do not need to exist), and capital is concentrated on 'best ideas' only.

Performance

Annualised since inception	46.5%
Standard deviation	27.8%
Beta (ACWI MSCI)	1.1
Correlation (Euro Stoxx 600)	0.8

Source: Marylebone Partners LLP

Direct Investments

We are long-term direct investors in a small number of rigorously researched stocks, with attractive growth, profitability, and quality characteristics. Our team seeks situations where a company's earnings potential, positive change or strategic value is not appreciated by the markets and valuation plays an important part of our assessment. Once again, the composition of our Direct Investments book looks very different to major indices, or the portfolios managed by our peers.

There is no structural or style or factor bias to our direct investments, although companies must exhibit attractive growth, profitability and quality characteristics. We seek nonconsensual situations representing unappreciated earnings potential, misunderstood change or strategic value.

Direct Investments	
Allocation Range	10%-30%
Portfolio Allocation GBP	35.9m
Current Allocation	23.7%
Number of holdings	12

Our research focuses on evaluating four building blocks:

Four building blocks
Revenue Growth
Economic Profitability
Valuation
Business Quality

Our direct investments in public equities exhibit the characteristics we believe drive outperformance, namely good top-line growth prospects, excellent levels of business profitability, and strong management teams with a history of accretive capital allocation. We also pay close attention to valuation, which has led us towards an eclectic group of stocks that look very different in profile to the main components of the market indices.

When investing in equities - whether directly or through external managers - our main purpose is not to outperform an index, but to deliver high-quality absolute returns that exceed inflation. We are confident that if they fulfil their potential, the return outcomes will look very favourable when compared to other options.

A lot has been written about the highly concentrated stock market rally of the past 18-24 months, led by the impact of generative Artificial Intelligence ("AI") and the growth expectations accompanying it. The development of AI is still in its early stages, and, at this stage, there is little comprehension of the ultimate shape it will take, or who will monetise it. We believe the investment decisions made by the datacentre/cloud computing 'hyper-scaler' companies are based not so much on a conventional "return on capital" calculus but on their leaders' vision of the future.

Given that (a) one recognises that the AI phenomenon is 'for real' but (b) there is tremendous uncertainty about how it will play out, we believe the most responsible approach is to seek out opportunities that are attractive on their own merits but have an underappreciated AI kicker. Selectively, we also want to invest in compelling yet unfashionable fundamental situations that have either been left behind by the popular recent narrative or are unfairly seen as having their business models compromised by AI. After the recent frenzy, many of the best opportunities may be found outside the mega-cap hyper-scalers.

The valuations of our direct investments are undemanding, on a weighted-average basis, they have a 2025 Free Cash Flow yield of >6% and a forward P/E ratio of 16x (a modest 1.2x our projected earnings growth rate).

Largest Five Direct Investment Holdings as of 30 September 2024			
Security	Position Size	Sector	Price/Earnings (2025e)
Global X Copper Miners ETF	4.6%	Commodities	12.8x
KBR Inc	2.5%	Industrial	14.8x
Computacenter plc	2.2%	Business Services	11.6x
Weir Group plc	2.2%	Industrial	16.9x
SS&C Technologies Holdings Inc	2.0%	Software	13.2x

Source: Marylebone Partners LLP September 2024, Factset

Case Study: Westinghouse Air Brake Technology Corporation ("Wabtec")

Wabtec represents an opportunity to invest in a high-quality business undergoing positive change at a valuation discount to its industry peers. The company is a leading global provider of parts, components, equipment, and services to the Rail industry. Its Freight division manufactures locomotives, components and

parts for freight cars, whilst its Transit division provides parts and equipment for passenger rail services, e.g. local city metros. Both divisions also provide after-market services.

Company Information	
Stock price US	188.8
Market capitalisation US	32.5bn
Enterprise value US	26.6bn

Thesis points

Wabtec represents an under-appreciated transition story as rail companies shift away from cost-cutting, towards greater efficiency. Consensus does not recognise the company's secular growth potential. As transport continues to decarbonise, Wabtec provides the technology and software solutions to minimise fuel usage and improve efficiency. Wabtec is the first to develop a fully electric battery line-haul locomotive. Near-term cyclical growth as rail freight volumes improve along with demand for components, equipment, repairs, upgrades and (high margin) services.

What we like

An opportunity to invest in a high-quality business undergoing positive change, at a valuation discount to its industry peers.

The potential for upward revisions to consensus earnings estimates, driven by margin improvements and top line growth.

On a forward price-to-earnings multiple of 20x, Wabtec trades at a discount to railroad operators and we model over 20% upside to our base-case estimate of fair value.

Revenue US	10.5bn
Net profit margin	14.2%
Net Income US	1.5bn
Earnings per share US c	7.9

Special Investments

Special Investments are an opportunity to participate alongside some of the world's best investors, in their highest conviction ideas. Sourced through our global ideas network, they comprise co-investments, special-purpose vehicles and thematic situations. Because they can be somewhat volatile over shorter periods and require a degree of patience, we have ambitious return targets for Special Investments.

Special Investments	
Allocation Range	10%-40%
Initial Target	20%
Current Allocation	17.0%
Portfolio Allocation GBP	25.8m
Number of holdings	16
Co-investments	
Thematic Funds	
Special Purpose Vehicles	
One degree of separation	
12-36-month time horizon	
Priced at least quarterly	

Over the financial year, we made ten new Special Investments, which took the portfolio weighting from 9% to 17%.

Amongst the most recent is a co-investment in the public equity of **Orizon Valorizacao de Residuos SA**, a leading waste-management business in Brazil. Hix Capital, the idea's sponsor, believes the company's EBITDA can double by 2030 as assets mature and new revenue sources are monetised, alongside the benefits of an accretive bolt-on M&A strategy. Within the same investment tranche is a co-investment in the public equity of **CVS Health Corporation**, a U.S. healthcare company with significant turnaround potential. Glenview Capital, the idea sponsor, points to a more disciplined pricing within the insurance business, substantial cost-cutting and end of value-destructive M&A. Glenview sees potential for 2-3x return over the next three years.

A co-investment in the public equity of **VF Corporation**, is an investment in the turnaround potential of some iconic brands, including Timberland, The North Face and Vans. Although the extent of underinvestment and profligacy under a previous management team was greater than Engaged Capital (the idea's sponsor) had originally appreciated, they are encouraged by progress towards their plan and the shares have risen on the announcement of impressive executive appointments and the sale of Supreme Brands, a non-core asset, for US 1.5bn.

Engaged Capital also brought us a co-investment in the public equity of **Portillo's Inc**, a Chicago-based fast-food restaurant. Here, Engaged sees tremendous upside potential from an improvement in operational execution, better new-store economics and operating leverage.

Thebes Capital also brought us two Special Investments. The first was a co-investment in the public equity and debt of **Frontier Inc.**, a communications company. The company was the subject of a takeover bid by Verizon Inc and the position has been largely monetised. The second, an investment in the public equity of **FTAI Infrastructure Inc**. FTAI is a diversified business that was spun-out of Fortress Transportation in August 2022, comprising several attractive transport and infrastructure assets. Thebes sees multiple catalysts for value creation from new contracts, potential disposals and cost efficiencies.

Largest Five Special Investment Holdings as of 30 September 2024				
Security	Position Size	Sector	Geography	Style
Sachem Cove Special Opportunities Fund (0.8%) and Global X Uranium ETF (2.0%)	2.8%	Commodities	Global	Thematic
FTAI Infrastructure Inc (Qena Capital LP Class T)	2.0%	Infrastructure	United States	Co-invest

Portillos Inc (Engaged Capital Co-invest XVII)	1.9%	Consumer	United States	Co-invest
Frontier Communications (Qena Capital LP Class S)	1.8%	Technology	United States	Co-invest
VF Corporation (Engaged Capital Co-invest XVI)	1.6%	Consumer	United States	Co-invest

Scalar Gauge a Dallas based manager brought us **Zuora Inc.** whose software products enable pricing, billing, payments and revenue accounting tools for over 1,000 businesses globally. The company was the subject of a takeover approach, which was made after Majedie's year-end; we await the outcome of that process.

During the year we received a significant return of capital from a tax credit factoring strategy, for a modest overall gain. Meanwhile, we are very upbeat about the prospects for our thematic investment in **Sachem Cove Special Opportunities Fund**, a fund that invests in smaller Uranium Companies, having rotated our mode of expression of this idea out of the public equity of **Cameco Inc.** The theme is also expressed through the **Uranium ETF**.

A co-investment in the public equity of **Concentrix Corporation**, a 'customer service and customer experience' business was brought to us by Impactive Ballantine. Prior to our decision to invest, **Concentrix's** shares had already sold off heavily, reflecting concerns that AI will disrupt its core operations. Impactive Ballantine believes these concerns are misplaced, however the market is in no mood to give the benefit of the doubt to a perceived AI 'disruptee'. The stock stands on a single-digit PE multiple and a 20% free cash flow yield.

Case Study: Metro Bank PLC

Senior Non-Preferred MREL-eligible Bonds Idea Sponsor

The opportunity to invest in Metro Bank was brought to us in late 2022 by Caius Capital, a London-based firm specialising in stressed and distressed credit situations. Led by Antonio Batista - whom we have known since his days at Och Ziff - Caius has considerable expertise in the Financial Services sector.

The Opportunity

The thesis behind the investment in Metro Bank's October 2025, 9.5% Senior Non-Preferred MREL-eligible bonds centred on a belief the bank was on a path back to profitability, with improving capital ratios.

Caius believed that - under a base case scenario - the bonds could deliver an IRR of >20% through the 9.5% coupon and some pull-to-par. A much higher return was possible if the company called the bonds early, most probably by October 2024, when the instruments would otherwise have lost their beneficial regulatory capital status. Since these bonds stood at the top of the company's capital structure, Caius believed the downside was limited, even if the bank was forced to recapitalise.

The Outcome

Despite strong operating performance, the last of these scenarios transpired when - in September - the regulator decided not to approve a modelling change that would have eased the bank's capital ratio constraints. Caius was deeply involved in subsequent negotiations with other stakeholders, which resulted in swapping our securities for higher paying 12% coupon bonds with an extended maturity to April 2029. Whereas more junior parts of the capital structure were subject to write-downs, our bonds were unimpaired largely thanks to Caius' actions.

The bonds have subsequently rallied strongly, helped by the announcement of the divestment of the mortgage book, which improved its capital position. Having bought the bonds at just over 80c, we recently exited the position at close to par.

Notional outstanding GBP	525m
Annual coupon rate	12%
Maturity date	30/04/2029
Current price GBP	98.8
Yield to maturity	12.2%

Market Outlook

With inflation seemingly under control, the Federal Reserve is mindful of a softening labour market and has implied that further cuts will follow if the unemployment rate rises to 4.5%. This, in turn, could pave the way for lower policy rates in Europe and the U.K. With the notable exception of Japan, the world's major central banks have commenced an easing cycle.

It is received wisdom that, when central banks loosen simultaneously, the implications for risk assets are bullish. However, the current environment for investors is more nuanced than in previous cycles because (a) U.S. markets have already risen in anticipation of monetary easing, and (b) the rally has been concentrated in a small number of mega-cap tech companies. As long-duration investments, growth stocks are not usually considered the greatest beneficiaries of lower policy rates and steeper yield curves.

Allocators also need to evaluate the implications of a Trump presidency on their portfolios. Although we do not have exposure to any of the obvious Trump trades (such as bitcoin, shale stocks or Tesla), we see a considerable upside and a margin of safety in our underlying portfolio investments. As interest rates fall, we expect some of the trillions of dollars that have been earning attractive income from short-dated government bonds and money-market funds to flow back into riskier assets. Given the divergence in valuations while this capital has been on the sidelines, it would not surprise us to see it come into smaller-cap stocks, value plays and international equities.

Our central case for the year ahead is that GDP in the developed world will grow, albeit at a modest pace. The fixed-income bond market warrants careful monitoring, as rising yields on long-dated Treasuries could present the greatest threat to equity markets.

In late September, Chinese stocks surged when Beijing sent an unmistakable message it would prioritise economic and social stability over ideology. These announcements should be taken seriously. With some RMB 120 trillion (US 17 trillion) locked in household savings, a recovery in consumer confidence is essential if China's economic fortunes are to turn. Hence, the PBOC released RMB 1 trillion (US 140 billion) of liquidity by cutting its Reserve Requirement Ratio by 50 bps, the short-term repo rate for banks by 20 bps, lowering mortgage rates, and injecting Tier-1 capital into the state banks to provide more liquidity for lending. While this does not quite constitute an open-ended commitment, it is clear the authorities have changed course.

Approximately 4% of Majedie's portfolio is invested in China-related equities, through the Perseverance DXF Value Fund, a specialist manager who has navigated the recent volatility extremely well. Whilst structurally bullish, the fund's manager is tactically very cautious. We also have a positive view on copper, underpinned by a projected imbalance between demand and supply. The next few years will see new appetite from the adoption of electric vehicles, the electrification of industry, and related transmission and distribution power-grid investment. Meanwhile, supply will be constrained by mine disruptions, decreasing ore grades, and the impact that environmental considerations have on the timelines for bringing new mines onstream.

Concluding Thoughts

Many markets, however, stand close to all-time highs, buoyed by heavy concentration in a few AI-related mega cap names and we see better return potential and less risk outside of these areas. Although the uncertainty of the U.S. presidential election has passed, we should expect a degree of unpredictability in policy and personnel in the months and years ahead. This, alongside uncertainty about the effectiveness of monetary policy on slowing economies and troubling geopolitical developments, gives us plenty of concern as 2024 draws to a close. We will balance opportunity and risk by focusing on our highest conviction and most resilient ideas, ensuring they are varied by profile and return drivers.

Portfolio as at 30 September 2024

	Market Value (£000)	% of Total Assets less Current Liabilities
Direct Investments		
Global X Copper Miners ETF	7,034	4.6%
KBR Inc.	3,813	2.5%
Computacenter plc	3,276	2.2%
Weir Group plc	3,267	2.2%
SS&C Technologies Holdings Inc.	3,084	2.0%
Breedon Group plc	2,951	2.0%
Evolent Health Inc.	2,550	1.7%
IMI plc	2,504	1.7%
Heineken NV	2,175	1.4%
Basic-Fit NV	1,867	1.2%
Westinghouse Air Brake Technology Corp.	1,765	1.2%
Cancom SE	1,564	1.0%
	35,850	23.7%
External Managers		
Silver Point Capital Offshore Fund Ltd	9,802	6.5%
Millstreet Credit Offshore Fund Ltd	9,680	6.4%
Contrarian Emerging Markets Offshore Fund Ltd	9,668	6.4%
Helikon Long/Short Equity Fund ICAV	9,367	6.2%
Praesidium Strategic Software Opportunities Offshore Fund LP	8,294	5.5%
Paradigm BioCapital Partners Fund Ltd	8,202	5.4%
CastleKnight Offshore Fund Ltd	7,452	4.9%
Perseverance DXF Value Feeder Fund Ltd	7,048	4.7%
CQS Credit Multi-Asset Fund	6,866	4.5%
Eicos Fund SA SICAV-RAIF	6,571	4.3%
Context Partners Offshore Fund Ltd	4,871	3.2%
Briarwood Capital (Offshore) Ltd	4,806	3.1%
Engaged Capital Flagship Fund Ltd	2,920	1.9%
Other External Managers	1,093	0.7%
	96,640	63.7%
Special Investments		
Qena Capital LP Class T	2,988	2.0%
Global X Uranium ETF	2,985	2.0%
Engaged Capital Co-invest XVII LP	2,833	1.9%
Qena Capital LP Class S	2,761	1.8%
Engaged Capital Co-invest XVI LP	2,370	1.6%
Orizon Valorizacao de Residuos SA Warrants	2,361	1.6%
SG SPV IV LP	2,296	1.5%
GCM Suggestivist I Offshore Partners LP	2,086	1.4%
Metro Bank 12% 30/04/29	1,702	1.0%
Other Special Investments	3,449	2.2%
	25,831	17.0%
Fixed Interest		
United Kingdom Gilt 5.00% 07/03/25	8,012	5.3%

Other Investments (including current assets investments)	246	0.2%
Total Investments	166,579	109.9%
Cash and Cash Equivalents	3,555	2.3%
Net Current Liabilities (excluding current assets investments)	(18,644)	(12.2%)
Total Assets less Current Liabilities	151,490	100.0%

Dan Higgins
Marylebone Partners LLP
20 December 2024

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on Wednesday 19 February 2025 at City of London Club, 19 Old Broad Street, London EC2N 1DS at 12 noon.

FURTHER INFORMATION

The Annual Report and Accounts for the year ended 30 September 2024 can be obtained from the Company's website at www.majediinvestments.com.

A copy of the Annual Report and Accounts will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at: <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>, in accordance with DTR 6.3.5(1A) of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

END

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.

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