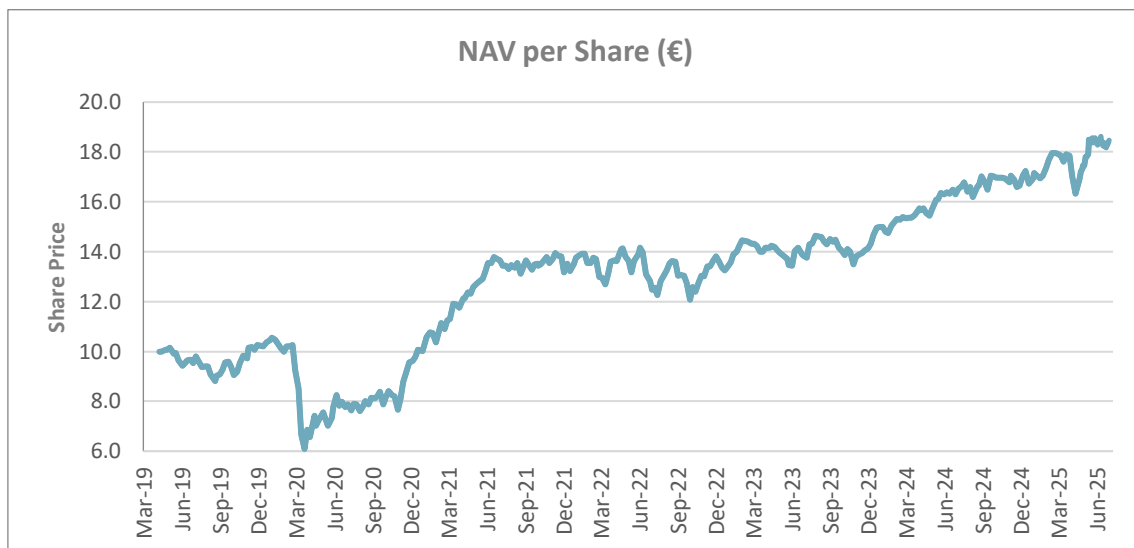




Dear fellow investors,

During the second quarter the fund gained 5.97% gross of fees¹ (30/6/2025). We do not have a stated benchmark in our Key Investor Information Document (KIID) and therefore cannot comment on relative performance. We leave it up to you to decide. We note the above number appears higher than European and global benchmarks. Our last reported NAV at quarter end was 18.47 (30/06/2025), +3.47% from the closest reported NAV at the first quarter end of 17.85 (27/03/2025). This brings our year-to-date NAV return to +9.2% (27/12/2024 to 30/06/2025). Inception to quarter end NAV return was 84.7% or 10.3% compounded annual return. We are extremely optimistic about our portfolio's prospects and believe we will reach our compound return aspiration over time. Our fund's composition is unlike any index, and we are unlikely to perform in a similar manner.



¹ Our NAV (Net Asset Value) was calculated weekly by FundPartner Solutions, a subsidiary of Pictet & Cie and did not align with monthly or quarterly reporting. Our NAV since the end of April 2025 is calculated daily but historical numbers are weekly. The gross return stated is net of taxes and fees but before some fund expenses, which are currently running at approximately 12 bps per quarter at current AUM. We project this to decline as AUM grows. Please see our comment on management fees.



The second quarter was yet another roller coaster for investor sentiment and thus the stock market. Starting with the "Liberation Day" tariff announcements to the rapid postponement of said tariffs as soon as the stock and bond markets started to panic, the market swooned and then steadied. However, the subsequent full market recovery, new market highs, new record inflows into levered ETFs, new highs for bitcoin, meme stocks rocketing, and other highly speculative products leads one to believe that most market participants have lost their minds, or at least the ability to sensibly price risk. The short-termism of the market, with retail driven "buy the dip" and no memories of past crises seems to indicate the market consists mostly of either passive indexers or gamblers. Where did thoughtful allocation of capital to businesses for long-term gains go?

We make no predictions about the future direction of the economy, but we fail to see how tariffs, however finally implemented, are a benefit. The uncertainty makes it almost impossible for business to do any sensible planning, and we can easily imagine an economic slowdown (despite little evidence for one thus far). We could be wrong, but luckily our investment approach does not require us to be macro-forecasters (where we believe no one has an edge). We also see the "big beautiful bill" as highly inflationary and we worry about the sustainability of government debt in the developed world. Debt to GDP ratios are at war-time levels and interest on the debt consumes ever-growing portions of government budgets. After the crazy year of 2021 and the decade of financial repression and asset inflation before it, we thought we might be returning to some sort of normal. Nope, we seem to have completely lost the plot. The plan seems to be to devalue the dollar, and I would say to inflate away the debt, but I don't even think we are trying to do that! We are happy to continue adding to the debt while inflating.

The wizards in the Whitehouse seem to think we should reduce rates, despite the potential for above average inflation, and inflate away the debt instead of cutting costs and paying it down. We currently have little US dollar exposure, and we invest in companies which we believe can raise prices and outpace inflation and grow wealth over the long-term. Our current exposure to the US is far from an inflation or economic view however, but rather on valuation. To be fair, the market is wildly bearish on the dollar, so the chances of a reversal are not unreasonable. But having blue-sky valuations in a market that is facing the potential of an economic slowdown from high inflation and tariff wars sounds risky. We just find there are so many global opportunities at good to great valuations that are only marginally exposed to these issues that we would rather fish elsewhere for the time being. It is a good time to be a small cap global investor.

Ocean Wilson, introduced in our third quarter 2023 letter, completed the sale of its 56.47% interest in Wilson, Sons (PORT3 BS) and received \$594 million in cash. They then paid a dividend of \$0.59 per share in July 2025 (in addition to the \$1.22 per share paid in

May 2025). The company, as laid out in March 2025, then began a tender offer for 20% of the shares. However, the tender offer was a range between £15.43 and £17.36 per share and is thus well below the NAV of £19.61 per share excluding the two dividends. This forces some large holders to seek liquidity and tender at the lowest offer price. This was clearly planned and is nothing but a transfer of wealth from shareholders of Ocean Wilson to the controlling family. The shares will then be merged into the family's listed investment trust, Hansa Investment Company Limited (HAN LN and HANA LN). Hansa trades at a very large discount to NAV most likely due to two share classes (with voting controlled by the family), illiquid shares, high costs (the manager is a family entity, which then invests in funds thus a double management fee). Rather poor performance is likely another reason for the large discount. We believe Ocean Wilson's board's independent members, including the Chairlady are flagrantly not-independent. Clearly the best interest of minority shareholders would be served by liquidation or at the very least a chance for minorities to exit at the relatively liquid and easily identifiable net asset value. Instead, they chose to allow a very poor merger for Ocean Wilson shareholders. We believe the Hansa discount will not improve as the family has shown it places their own interest above those of minority shareholders. Why anyone would want to invest alongside them in underperforming funds (while paying a management fee to them), we do not know.

That said, Ocean Wilson was a successful investment for the fund contributing over 460 basis points (+87%) over our two-year holding period making it one of the top performers for the fund. The Brazilian port and tugboat business was fantastic, and it is a shame it will not be public. In a better world, the family should have spun off the shares and sold their stake in blocks to the market if they wanted to exit. We had a couple of calls with the Chairlady to voice our thoughts. Unfortunately, we were left with the unavoidable impression that she well knows she serves at the pleasure of the family.

We considered writing public letters and making a fuss in the press, but this is a time consuming and due to Bermudian laws quite possibly an ineffective activity. We do think far too few investors fight for these types of things, which is why management teams or controlling shareholders often think they can steamroll investors. We understand that an investment is often a small part of a portfolio and selling is easier than fighting for what is right. This is especially a problem with the threat of legal action, reputational damage and a large drain of resources. However, this topic is doubly important given the rise of passive investing where there is no effort to engage with companies and fight for investor rights. We find it strange that the larger the investment manager is, (and have the most resources), the less likely they will engage. Happy to hear suggestions for this problem.



We mentioned in our first quarter 2025 letter that our Irish hotel group, Dalata, had announced a strategic review of the business in March 2025. Prior to the announcement Norwegian player Eiendomsspar AS had crossed the 3% ownership of Dalata in October 2024 and then increased their stake to 8.48% in January. Eiendomsspar AS is a Norwegian company owning 11 hotels and operating 2 hotels in Norway. It also owns a 14.8% stake in listed Scandic Hotels (SHOT SS) and a 36% stake in listed hotel property owner Pandox AB (PNDXB SS). Subsequently they formed consortium and made an offer to the board of Dalata at €6.05 in early June 2025. The board rejected this as too low and said that the consortium chose not to participate in the formal sales process. They further noted they were in talks with other parties who had submitted takeover proposals. We assumed that meant they had offers in excess of this amount. The consortium went on to buy more shares in the market as high as €6.40. Post quarter-end the consortium reached an agreement to buy the company for €6.45 per share. Whilst this was significantly higher than the market price before the strategic review, it was still at a substantial discount to the value of Dalata's owned hotels, let alone the value of the operating business and leased hotels.

During the quarter we purchased a recent spin-off in the Bolloré galaxy, a British watch and jewelry retailer and a South Korean textile manufacturer. We sold our long-held Macau Casino operator (at the bottom with a loss unfortunately - we can't get them all right), and our French glass bottle manufacturer, Verallia, who received a bid from BW Gestão de Investimentos Ltda, controlled by the Brazilian Moreira Salles family.

At quarter-end our portfolio had more than 97% upside to our estimated NAV and was trading at a weighted average P/E of 8.9x, FCF/EV yield of 16% and a return on tangible capital of 23%.

Contributors		Detractors	
Cuckoo	79 bps	Ginebra San Miguel	-45 bps
Lottomatica	79 bps	lbstock	-43 bps
Piraeus Port Authority	68 bps	International Game Technology	-37 bps
Playtech	63 bps	Esprinet	-27 bps
Telekom Austria	59 bps	Treasure	-25 bps

The top contributor during the quarter was Cuckoo Holdings (+33.8%, +79 bps), the South Korean rice cooker manufacturer which we will introduce later in this letter. Cuckoo continued to report impressive growth with domestic sales growing 5.6% and exports

up 17.6% year-on-year. Operating profit also followed suit with 7.3% growth year-on-year compared to the first quarter of 2024. Cuckoo Holdings owns 41% of Cuckoo Homesys (284740 KS), which in turn owns 52% of Cuckoo International (MAL) Bhd (5336 MK), the Malaysian arm of Cuckoo Homesys, which recently had its IPO². The rationale behind the IPO is to support business expansion, reduce debt and enhance brand visibility. Most importantly, the IPO offered an opportunity for Homesys to partially monetize its stake and for investors to better understand the look-through value of the holding company. Despite recent performance, we see further upside potential.

The second largest contributor was Lottomatica (+28.1%, +79 bps), the leading Italian multichannel gaming operator, which we introduced in our second quarter 2023 letter. Lottomatica has not stopped reporting great numbers across the board with like-for-like sales for online up 17%, Sports Franchise up 25% and Gaming Franchise flat year-on-year. The EBITDA³ outpaced sales growth, with online growing at 32% and Sports Franchise 98% like-for-like (mainly due to favorable payout) respectively. Overall, Lottomatica delivered a record first quarter of 2025 amidst macro headwinds, further deleveraged its balance sheet, and initiated a €500 million share buyback. In the meantime, Apollo (through Gamma Intermediate sarl), exited Lottomatica after selling their final 21% stake, further removing a share price overhang and increasing liquidity in the stock. Despite the rally, the shares are still attractively valued.

The third significant contributor was Piraeus Port Authority (+27.7% +68 bps), the Sino-Greek Athens port operator, which we introduced in our second quarter 2024 letter. During the quarter, the company reported exceptional full-year and first-quarter results for 2025. Sales grew by 5% at year-end and 14.6% year-on-year in the first quarter. Notably, EBITDA mirrored this strong performance, increasing by 11.6% for the full year and 14.2% in the first quarter. The stellar business performance led to an increased dividend (+43.7% to €1.92 per share). More recently, monthly container throughput data showed a -6.7% contraction in April 2025 but a subsequent recovery of +5.6% in May year-on-year, possibly linked to geopolitical tensions in the region. The Greek press has continued to report on U.S. government pressure for a divestment by the Chinese shareholder due to the port's strategic importance. This has triggered rumours of potential interest from Western investors. We agree that this highly strategic asset is offered at an attractive valuation, but it remains uncertain whether a change in ownership would benefit the business.

² Initial Public Offering

³ Earnings Before Interest, Tax, Depreciation and Amortization



The fourth largest contributor was Playtech (+31.7% +63 bps), the British Israeli gambling technology provider. Playtech completed the disposal of its Italian consumer business, Snaitech to Flutter Entertainment for €2.3 billion. The transaction marked a strategic shift for the business, enabling it to focus on its core B2B operations, as a technology provider in the global gambling industry. The proceeds allowed Playtech to distribute a special dividend of €5.73 per share, which was roughly 87% of the share price on the day of deal announcement. Despite some regulatory uncertainties, the recent dispute in Mexico and ownership complexities, we continue to see significant upside even at the low-end of the updated mid-term guidance.

The fifth largest contributor was Telekom Austria (+15.1%, +59 bps), the Austrian and Eastern European telecoms group, introduced in our first quarter 2023 letter. Telekom Austria's revenue in the first quarter of 2025 rose 3.7% year-on-year, driven by higher service and equipment revenue. Service revenue increased in all markets except Austria, where competition remained intense, though mobile market pressures eased slightly. EBITDA grew 5.2% and 8.1% when excluding restructuring charges. Management reiterated its sales growth guidance of 2-3% and took a more conservative approach to capital expenditure by postponing certain projects due to market conditions.

The top detractor was Ginebra San Miguel (-8.36%, -45 bps), the Filipino gin and spirits company, which we introduced in our second quarter 2021 letter. After a long period of noteworthy performance and significant contribution to the fund, Ginebra tops the detractor list. This is mostly foreign exchange linked (-6.6%) as the Filipino peso trades closely with the US dollar and while it appreciated against the dollar during the quarter, performance in Euro, the funds base currency was negatively impacted. The underlying business continues to perform well on the back of both volume and price increases. The management confirmed the sustainability of the current margins, in a recent discussion and even hinted at further expansion. We continue to see significant upside and room for further capital distributions.

The second largest detractor was International Game Technology (-9.63% -37 bps), the Italian-American lottery and gaming machine technology provider, which we introduced in our first quarter 2020 letter and updated in our first quarter 2024 letter. The underperformance was primarily due to -8.1% foreign exchange translation loss on a dollar-denominated asset when converted to the fund's reporting currency. This should be somewhat offset by the Euro denominated earnings. On company specific news, IGT, which was renamed Brightstar Lottery after quarter end, finally won the Italian lotto tender. The bad news is that the win came with much higher price than we and the market expected. Management upheld return projections for the recently secured lotto contract despite investor pushback, while acknowledging the elevated risks associated with the new digital growth strategy. We believe the most significant overhang has been



removed, and success now hinges on management's execution of the mid-teens IRR⁴ target for the lotto contract. They will have to show evidence of this relatively quickly or the market will focus on upcoming tenders and worry that IGT is overpaying. The stock has been a significant detractor of late. We continue to hope the conclusion of the sale of the Gaming & Digital business, lower debt, and a sizable amount of cash returned to shareholders will drive the new pure lottery company to a substantial re-rating on 2028 free cash flow numbers.

The third significant detractor was Esprinet (-12%, -27 bps), the Italian electronics distributor, introduced in our fourth quarter 2019 letter. Esprinet reported a 3.9% sales growth and a solid 5.6% gross profit margin, consistent with the past eight quarters. However, increased personnel costs, primarily driven by collective bargaining agreements, combined with inflationary pressures on marketing and IT expenses, impacted the EBITDA margin (-42bps to 113%). Management remains optimistic about industry fundamentals but cited an uncertain geopolitical and macroeconomic environment for a disappointing 2025 guidance (-3.6% versus 2024 at the midpoint). While Esprinet's performance over the past two years has been disappointing, it is overall unsurprising amidst a challenging market backdrop. We continue to see significant upside potential in a more normalized market environment.

The fourth detractor was Ibstock (-15.4%, -43 bps), the British brick and concrete product manufacturer, which we introduced in our third quarter 2019 letter. Ibstock issued an unscheduled trading update, highlighting improved trading conditions, particularly in the new-build residential segment. However, pricing pressures and unfavourable product mix hindered sales and cost recovery. Costs were further impacted by the ramp-up of additional capacity. As a result, management lowered its 2025 EBITDA guidance from £90-93 to £77-82 million. We view these challenges as temporary. As a reminder, Ibstock operates in an oligopolistic but cyclical market that periodically faces such headwinds. We remain confident in the company's ability to navigate these conditions and expect significant upside when the new build housing market normalizes.

The fifth largest detractor was Treasure ASA (-10.4%, -25 bps), the Norwegian-listed investment vehicle with a sole investment in Korean-listed Hyundai Glovis (086280 KS). Treasure ASA serves as a less liquid proxy for Hyundai Glovis, with trading performance closely tied to it. In June 2023, Wilh. Wilhelmsen Holding ASA launched a tender offer to acquire all outstanding shares of Treasure ASA. We then wrote to the board to

⁴ Internal Rate of Return



complain about the low-ball offer price and suggested converting the shares at NAV. The board ignored our recommendation. Nevertheless the share price has since appreciated by ~50%, excluding NOK2.1 per share in dividends received. Our view hasn't changed since then. As one of the largest investors in Treasure ASA, we aim to offer our shares at a fair price reflective of the underlying assets' valuation. Short-term share price volatility is the primary reason Treasure appears on our detractors list, but this does not indicate any cause for concern.

Cuckoo Holdings (192400-KRX)

Cuckoo Holdings is a South Korea-based holding company that owns 100% of Cuckoo Electronics, a home appliance manufacturer, and 40.6% of Cuckoo Homesys, a home appliance rental business. The Koo family controls 64.9% of the company with Koo Bon-hak, the CEO of both Cuckoo Electronics and Homesys, holding a 45.1% stake.

Cuckoo Electronics is a home appliance manufacturer specializing in Korean-style pressure rice cookers, which use higher cooking pressure than Japanese-style models, making them better suited to domestic preferences. Rice is central to Korean cuisine, consumed with nearly every meal. This makes rice cookers essential kitchen appliances. Cuckoo is the top selling brand in Korea for the last 17 years with roughly 70% market share and also has a growing presence in the US, China, Malaysia, Singapore and Indonesia. Over the last decade Cuckoo increased its top line by ~4% annually mainly due to price increases, international expansion and more recently with introduction of adjacent product categories like induction cooktop ranges and microwaves. Cuckoo has a developed omni-channel strategy with 37% of its sales generated online and a presence in all major retailers in Korea.

Cuckoo Homesys pursues a South Korean appliance rental model in which subscribers sign multi-year contracts to rent mainly water and air purifiers and then provide the water filters and air filters but also massage chairs and other home appliances. The business model is characterized by low churn rates since customers are contractually bound to a device which requires the regular replacement of high-margin consumables. Cuckoo Homesys holds a 52% stake in Cuckoo International Bhd (5336 MK) the Malaysian subsidiary which is 30% of consolidated sales and recently had its IPO. Cuckoo is the number two player in Malaysia behind Coway's (021240 KS) 62% market share. Management are looking to increase market share at the expense of Coway. The IPO will support management's growth ambitions and financial restructuring while potentially unlocking value. Notably, Cuckoo Homesys trades at a 50% discount to its Malaysian subsidiary.



We are attracted to the Electronics division because whilst the Korean domestic market remains stable at three million units per year, Cuckoo's focus on the premium category allows for price increases supported by quality and continued innovation. Koreans prefer domestic rice cookers tailored to local preferences which protect the domestic businesses from external threats. Domestically Cuckoo competes against Bubang (formerly known as Cuchen) which has roughly half the size of Cuckoo and a relatively poor operating history. Cuckoo and Bubang together represent 90% of the domestic market. The management only sees Zojirushi (7965 JT) as an external threat, but they believe the products are offered at high prices and lack key technological capabilities.

Cuckoo is classified as a general holding company, a structure that doesn't have a great reputation in South Korea, mainly due to examples of poor corporate governance. These often have complicated structures and have shown poor capital allocation. Cuckoo, however, scores above average due to a long history of operating performance, cleaner structure and management commitment to a minimum dividend yield. Since transitioning to a holding company in 2018, Cuckoo Holdings has consistently boosted its dividend. The management targets to continue increasing the dividend which we support given the low payout ratio.

Despite satisfactory performance since our investment, the shares continue to trade at <7x earnings excluding net cash and close to a negative enterprise value due to the 40.6% stake in Cuckoo Homesys. To put it differently, we believe that the operating business plus the Homesys stake plus the net cash positions should be valued at least over twice the current market capitalization.

As previously mentioned, the fund changed to daily dealing at the end of April 2025. We have also launched an unhedged sterling share class in May of 2025. Given our current fund size, fund costs have dropped as a percentage of assets and we initiated a 50 bps (0.5%) management fee starting in May 2025 as we believe the total cost to the investor will be reasonable (c 1%). The founder's class management fee is up to 1% of assets but we have no current plans to increase the management fee as we want to keep total costs low. We do not charge entry or exit commissions.

Our focus is and remains on the portfolio, but we do need to grow our assets to a sustainable level. Please feel free to share this letter with any potential investors.

We have a commercial agreement with Cobas Asset Management to distribute our fund in Spain. You can now open an account and place orders with them. For more



information, please contact them via phone or email. In the future, we hope it will be possible via their website. You can reach the Cobas team at +34 91 755 68 00 or sopORTEinstitucional@cobasam.com

Our fund can be invested in through both European international central securities depositories: Euroclear and its FundSettle clearing platform and Clearstream through the Vestima fund clearing platform. Our fund is registered for distribution in the UK, Spain and Luxembourg including for retail distribution.

Other distributors in Spain where our fund is offered include: Renta 4, myinvestor, Ironia, Lombard Odier, Creand as well as many other institutions working through the main platforms in which the fund is available upon request: Allfunds Bank and Inversis.

In the UK we are offered on the AJ Bell low-cost platform aibell.co.uk and can be part of an ISA or pension. Interactive Broker's UK website now allows for a dealing account and ISA.

Our fund is also available on Interactive Brokers interactivebrokers.com where you can open an account in almost any jurisdiction (fund not available in the US). SwissQuote swissquote.com also offers almost world-wide access where virtually any nationality (ex-USA) can open an account without local Swiss taxes being an issue.

If you have any issues finding our fund or wish to get more information about us and our process, please contact us at IR@palmharbourcapital.com

Our fund is being offered as part of a Spanish pension value-orientated fund of funds. Please follow this [link](#) to find out more.

We thank you for your ongoing support. We continue to believe this is a great time to be a value investor and are very excited about the medium-term prospects for the current portfolio.

In other news, Diana has just graduated with a BA (Honours) Art History and Visual Cultures degree. Congratulations Diana!

Yours faithfully,
Palm Harbour Capital

This information is being communicated by Palm Harbour Capital LLP which is authorized and regulated by the Financial Conduct Authority. This material is for information only and does not constitute an offer or recommendation to buy or sell any investment or subscribe to any investment management or advisory service.

In relation to the United Kingdom, this information is only directed at, and may only be distributed to, persons who are "investment professionals" (being persons having professional experience in matters relating to investments) defined under Articles 19 & 49 of Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 & Articles 14 & 22 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemption) Order 2001 and/or such other persons as are permitted to receive this document under The Financial Services and Markets Act 2000.

Any investment, and investment activity or controlled activity to which this information relates is available only to such persons and will be engaged in only with such persons. Persons that do not have professional experience should not rely or act upon this information unless they are persons to whom any of paragraphs (2)(a) to (d) of article 49 apply to whom distribution of this information may otherwise lawfully be made.

With investment, your capital is at risk and the value of an investment and the income from it can go up as well as down, it may be affected by exchange rate variations, and you may not get back the amount invested. Past performance is not necessarily a guide to future performance and where past performance is quoted gross then investment management charges as well as transaction charges should be taken into consideration, as these will affect your returns. Any tax allowances or thresholds mentioned are based on personal circumstances and current legislation, which is subject to change.

We do not represent that this information, including any third-party information, is accurate or complete and it should not be relied upon as such. Opinions expressed herein reflect the opinion of Palm Harbour Capital LLP and are subject to change without notice. No part of this document may be reproduced in any manner without the written permission of Palm Harbour Capital LLP; however, recipients may pass on this document but only to others falling within this category. This information should be read in conjunction with the relevant fund documentation which may include the fund's prospectus, simplified prospectus or supplement documentation and if you are unsure if any of the products and portfolios featured are the right choice for you, please seek independent financial advice provided by regulated third parties.