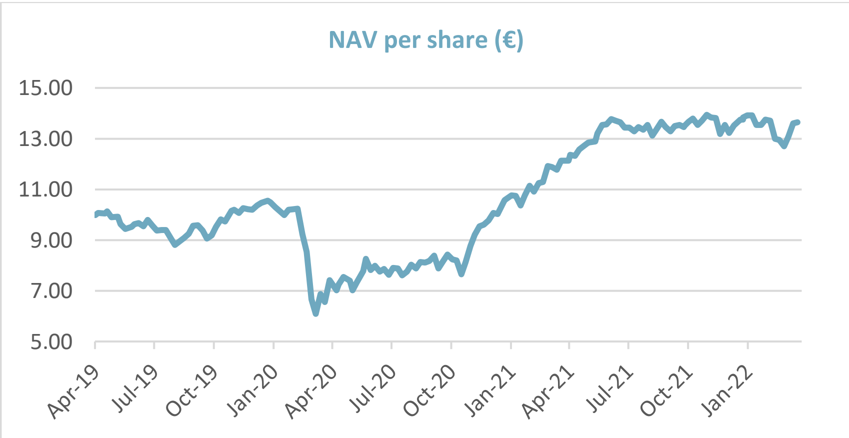
Dear fellow investors and friends,

During the first quarter the fund lost 0.65% gross of fees[1]. 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 better than European and global benchmarks. We ended the quarter with a year-to-date performance of -0.65% (-0.8% on a NAV basis). Inception to quarter end return was 36.4% or 10.9% compounded annual return. Similarly, our last reported NAV at quarter-end was 13.64 (31/03/2022 -0.8% from the closest reported NAV at the fourth quarter end of 13.75). 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.



Highest inflation in decades. War in Europe. Central banks excruciatingly slow move to be less accommodative. Bond yields. China zero-COVID policy. It was a busy quarter to say the least. The war is a difficult topic to write about as it is emotional and there are

[1] Our NAV is calculated weekly by FundPartner Solutions, a subsidiary of Pictet & Cie and does not align with monthly or quarterly reporting. The gross return stated is net of taxes and fees but before fund expenses, which are currently running at approximately 10 bps per quarter at current AUM. We project this to decline significantly as AUM grows. Please see our comment on mgmt. fees.

endless possible outcomes with unknown probabilities. Many have said they were shocked that war could happen in modern Europe. Given Putin's track record and rhetoric, we think that was quite naive. It is tragic, nevertheless. We are impressed with Ukraine's resilience and the poor state of Russia.

From an investment point of view, we fortunately did not have any direct exposure to Russian or Ukrainian assets and our portfolio companies for the most part only had minor direct exposure. The indirect exposure is another matter.

Whilst Russia is only 1.8% of global GDP[2], it punches way above its weight in oil and gas (11% of global exports)[3], wheat (21%), fertilizers (23%), palladium (25%) and other commodities[4]. While Europe appears unable to stop its addiction to Russian commodities and treat the war as a war, many companies, under public pressure, have chosen not to purchase Russian products and/or pull out of Russia. Ukraine is the largest global exporter of sunflower oil, a top five exporter of corn (16%) and wheat (10%) and is the "breadbasket of Europe". Belarus, also subject to conflict-related sanctions, is the second largest exporter of potash. The loss of Ukrainian, Russian and Belarussian commodity exports is being felt throughout the world. This has driven prices higher and added fuel to the bonfire of inflation.

Despite the highest inflation in decades and economic uncertainty, our portfolio ended the quarter down only moderately. We had several companies perform well during the quarter as we had exposure to fertilizers, oil and gas, and agricultural chemicals. On the other hand, we have industrials who consume gas and electricity in their production and consumer companies which are more sensitive to a potential economic slowdown or deterioration of discretionary spending, who underperformed.

While the war exacerbated commodity inflation, China's zero-COVID policy has prolonged the supply chain disruptions affecting many industries and has kept costs for many goods high. It will be interesting to see how long this policy can be maintained as the risk of recession grows. The only upside is perhaps a cooling of some parts of commodity inflation. The policy does hold back a couple of our portfolio companies, so we do wish it ends soon. We fail to see why the Chinese haven't chosen to buy more effective western vaccines and believe eventually the economic damage will make them change course.

---

[2] The World Bank
[3] US Energy Information Administration
[4] Putin's war demands a concerted global economic response

The Fed finally moved. It took inflation running at 8.5% in March for them to make a 25-basis point hike. The ECB likewise may eventually raise their rate to zero as March inflation hit 7.4%. To say they are behind the curve is a laughable understatement.

While we can agree that current commodity inflation has more to do with ineffective government policies, exogenous shocks and mis-directed ESG investor campaigns, and therefore not part of the remit of the Fed, the majority of the blame for inflation still lies with the central banks. We will not even begin to rant about the myriad of other problems caused by central bank policies.

During the quarter we sold two long held positions (Befesa and Wabtec) and added three new positions (Vår Energi, Wickes and Verallia). We trimmed positions that benefit from the current crisis and added to those we felt were indiscriminately sold.

We believe the best way to preserve wealth in an inflationary environment is by owning high-quality companies with pricing power, advantaged commodity players and hard assets. We think buying these types of companies coupled with strong cash flows and high return reinvestment profiles bought at a significant discount to their intrinsic value will ultimately produce strong REAL returns. Our portfolio is well positioned in this environment. We have over 100% upside to our portfolio, and we think a mid-teens compound annual return is possible in this environment. The road will be very bumpy as volatility will likely further increase and losses in other areas of the market could lead to indiscriminate selling. This would likely be temporary. We take comfort in our long-term view and on our research and analysis and believe ultimately our investment will bear fruit. Good things happen to strong companies that produce lots of cash.

* * *

Contributors		Detractors	
OCI NV	+206 bps	RHI Magnesita	-118 bps
Boa Vista Servicos	+97 bps	Esprinet	-80 bps
Bayer	+82 bps	Danieli Savers	-77 bps
DNO	+74 bps	JOST Werke	-76 bps
Vår Energi	+46 bps	Melco International	-57 bps

The largest contributor during the quarter was OCI NV, the Dutch nitrogen fertilizer and methanol producer, which we introduced in our second quarter 2019 letter and further updated in our last letter for the fourth quarter of 2021. OCI added 206 basis points to the fund after ending the quarter up nearly 40%. Nitrogen fertilizer and global grain prices were already elevated for a variety of reasons and the Ukraine war exacerbated the situation. OCI benefits from the reduced inflow of Russian nitrogen fertilizer volumes in the Western world (export share 24% of Ammonia 14% Urea, 25% UAN, 6% Methanol), and their low-cost natural gas production facilities in the US and North Africa. Furthermore, currently the marginal nitrogen producer is based in Europe with extreme gas volatility. We believe nitrogen fertilizer prices are likely to remain elevated for an extended period and when they do come down, they will remain above long-term averages.

The second largest contributor was Boa Vista Serviços, a Brazilian credit scoring company, which we will introduce later in this letter. It contributed 97 basis points during the quarter after having lost 148 basis points in the fourth quarter of 2021 as it rebounded 40.6% in the first quarter The stock recovered after reporting full year numbers, which were higher than expectations, while the position also benefitted from the nearly 20% increase in the Brazilian real versus the Euro.

The third largest contributor was Bayer AG, the German pharmaceutical and agricultural conglomerate, which contributed 82 basis points during the quarter. Similar to OCI, Bayer is benefiting from high agricultural prices, which allow farmers to profitably spend more on inputs to enhance their yields. They also have a favorable pipeline of innovation, which should allow them to raise prices next year as well. The pharma pipeline is improving, reducing fears they are overexposed to their blockbuster drug Xarelto, which will go off patent in a couple of years. Unfortunately, the Solicitor General, part of the Biden administration, reversed the view of the prior administration and came out against the US Supreme Court accepting Bayer's case. We believe the merits of the case may still persuade the conservative leaning judges to accept the case. The Environmental Protection Agency has consistently found glyphosate-based herbicides can be used safely and are not carcinogenic. Nevertheless, Bayer is being sued by non-professional users and losing at trial despite almost no scientific evidence by claiming state labeling laws differ from those of the EPA and Federal pre-emption is not relevant. Chances of acceptance and then winning are very low but final glyphosate losses are already more than discounted in the current share price. Removing the liability and future risk would allow for a substantial rerating of the shares.

The fourth largest contributor was DNO, a Norwegian listed oil and gas company, which contributed 74 basis points during the quarter. The company is clearly benefitting from higher oil prices. Despite the recent strength in the share price, it remains considerably undervalued, especially compared to the peer group which prices in a significantly higher long-term oil price assumption. Moreover, the Kveikje discovery in April 2022 strengthens DNO's position in a core North Sea area and de-risk prospects in nearby DNO licenses enhancing its exploration prospects.

The fifth largest contributor was Vår Energi, a Norwegian listed oil and gas company, which contributed 46 basis points to the fund. Vår is a recent IPO of Italian energy giant ENI's and private equity investor HitecVision's Norwegian assets Post IPO ENI holds 64.3% and HitecVision holds a 24.6% stake with a free float of 11.1%. Compared to competitors, Vår has high gas production, no exposure to international assets and no renewable growth ambitions. Vår's portfolio was in 2021 37% natural gas, 8% NGL and 55% oil with 48% of the total production from top five fields. Production in 2021 was 243k boe/day, however management expects over 350k boe/day by 2026 due to fourteen different projects under development. Vår's reserves and production base make it one of the largest Exploration and Production companies on the Norwegian Continental Shelf.

The top detractor was RHI Magnesita, the Austrian-Brazilian refractories company, which we introduced in our second quarter 2019 letter. It lost 118 basis points during the quarter after falling 24.7%. Whilst the company continued to promise that their pricing strategy will cover the ever-rising input costs stemming from supply chain challenges and rising shipping and energy costs, it is yet to be demonstrated in the financials and the market took this poorly. In addition, inventories increased markedly as a result of higher sales and supply chain bottlenecks, which increased net debt. Following discussions with the company, working capital should normalize as prices increase and supply chain disruptions eventually ease. The steel market is currently generally buoyant enabling continued price increases to protect their margin in the coming quarters. We note that the CEO has been purchasing shares in the market.

The second largest detractor was Esprinet, the Italian electronics distributor, which we introduced in our fourth quarter 2019 quarter. Esprinet was one of several of our mid-cap Italian companies, which were brutally sold off at the onset of the Russian invasion (at one point we thought the market confused Italy for Ukraine). This is despite decent fourth quarter numbers and a positive outlook for the year. Management's comments about product availability, market demand, margin evolution and inflation remain positive.

The third detractor was our position in Danieli's savings shares. Danieli, the Italian steel plant-making and steel producer, which we introduced in our third quarter of 2020 letter, lost 77 basis points during the quarter as the stock fell 16.2%. Unlike Esprinet, Danieli does have some exposure to Russia with about 10% of its order backlog coming from Russian steel producers. Luckily, these projects are fully covered by down-payments and robust operational performance means sales are unlikely to be significantly impacted. They are also exposed to rising energy costs at their EAF steel plants but this should be largely offset by higher steel prices which have increased in Europe by 30-90% since mid-February amid concerns of supply disruptions following

Europe's decision to cut off imports from Russia and Ukrainian supply curtailment. All in all, we are comfortable with the exposure and modernizing steel plants will be even more critical if gas and coal prices remain elevated.

The fourth detractor was JOST Werke, which we introduced in our fourth quarter 2021 letter. It lost 76 basis points during the quarter as the stock fell 26.5%.. The company announced strong fourth quarter and full year 2021 numbers and a positive outlook for 2022 with stable margins despite high inflation in steel, energy and transportation. The market nevertheless believes that inflation will impact margins severely and fears a slowdown in the North American truck market (despite robust truck OEM backlogs). Whilst US freight spot market rates have come down from Omicron induced January peaks, it appears that shippers have in fact moved more to longer-term contracts to secure capacity and these rates remain robust, as do volumes. Not to mention, 25% of sales comes from the agriculture market, which should remain healthy. Competitor SAF Holland was much more bearish on their outlook, expecting significantly weaker margins, though they have historically underperformed JOST. We cannot exclude a downturn in the global freight market but even on trough earnings and cash flows the shares are inexpensive.

The fifth detractor was Melco International, the Macau based casino group, which we introduced in our fourth quarter 2020 letter. It lost 57 basis points. Melco continues to suffer from China's ill-advised zero-COVID strategy. As mentioned, we believe that this policy is unsustainable and will eventually be reversed.

At quarter-end, our portfolio had 116% upside to NAV, a weighted average
P/E of 8x, FCF/EV yield of 15% and a return on tangible capital of 33%.

* * *

Wickes Group plc (WIX LN)

Wickes is the second largest pure-play home improvement retailer in the UK, which demerged from Travis Perkins in April 2021. While in the same sector as their former parent, they in fact have limited synergies as they target a different segment. Travis Perkins targets large tradesmen and builder accounts while Wickes targets smaller tradesmen and retail (Do-It-Yourself "DIY" and Do-It-For-Me "DIFM")

This business model has an interesting advantage utilizing retail space, allowing their stores to be 50-75% smaller than a typical large DIY store while serving three different customer bases. The traditional small trader comes in early in the morning and often pre-orders the night before for the next day's job. The DIY customer comes in later in the day to pick up items for home and garden projects, whilst the DIFM clients usually have two decision makers and only come in on the evenings and weekends. This allows for higher space utilization compared to pure plays in each field.

Do-It-For-Me

Wickes employs 620 design consultants and more than 2,600 approved installers to assist customers from planning to installing new kitchens, bathrooms or more recently home offices. The inhouse installation team saves the customer from the hassle of finding architects, consultants and builders and negotiating (fixed) prices and time schedules. This may seem trivial, but for those that have dealt with UK builders it offers peace of mind on time and cost over-runs and cuts the necessity of finding an independent consultant. The segment differentiates Wickes from peers since none of the larger home improvement retailers in the UK offer a similar service. Wickes targets the mass premium part of the market, and the segment is correlated with housing transactions.

Do-It-Yourself

Wickes sells lumber, paint, hardware, tools, gardening supplies and other such products. DIY had been a slower growing segment until the pandemic sent people scrambling to improve their homes. It is yet to be seen how this holds up over time but as work from home stays to a certain extent people will likely continue to improve their homes.

Small Tradesmen

Small tradesmen usually service smaller projects such as loft conversion or kitchen improvement. They traditionally went to large building merchants such as Travis Perkins but received terrible prices as merchants were geared towards price discounts built around bulk purchasing and big account spenders. With the internet and price transparency this began to fall apart and small stores such as Tool Station and Screwfix came to offer flat prices. However, they had very small sizes and were only to pick up screws, nails, small tools and other small repeating items. Wickes targets items that a building merchant might carry such as paint, lumber, bricks, tiling and other heavy side items, but offer them at a fixed price (plus a 10% discount for tradesmen versus DIY). They therefore fill a niche space between the building merchants and the quick-serve small store format.

With 73% of UK's housing units over 40 years old, aging house stock offers a strong tailwind for the home renovation market in the UK. Management forecast that the UK home improvement market will continue to grow at 2.5% until 2025.

Other differentiators include their focus on lumber and heavy-side products, round pricing and a good-better-best strategy. Heavy products are particularly important for

Wickes and they offer significantly more options than competitors. This product category also protects the business from e-commerce disruption as delivery costs and longer delivery times make e-shopping uneconomical.

Wickes appears to have most of the characteristics of an interesting spin-off. It is much smaller than Travis Perkins and most likely attracts a different shareholder base and included in much different indices, plus it is in an out-of-favor industry. We thus believe the move over the past year from £2.50 to our purchase price below £1.80 is partly attributable large funds and index trackers selling small meaningless positions. We also believe the company will benefit from an independent capital allocation policy and from an incentivized management team, which are now rewarded in shares directly related to their business.

The company has £123 net cash with a quarter-end market capitalization of £460 million. We believe it can earn between £50-70 million free cash flow in a normal year (this year it will have one-off IT expenses and slightly elevated capital expenditure). This leaves significant cash flow to allocate. They will update their stores more quickly to their new format which moves the showroom further from the lumber, improving the experience for the kitchen buyer. We believe this adds 20-30% incremental return on invested capital over the next three to five years. They have announced opening up to 15 new stores (store count has been flat in recent years) and continue to invest in their IT for an omnichannel experience. These capital expenditure items were likely starved under the group structure. They have also announced a generous dividend policy and appear to be open to future share buybacks.

Insider buying from both the Chairman and CEO above our entry level add further confidence to our investment thesis. On our normalized numbers the stock trades at close to an 18% free cash flow yield, which we find attractive.

Boa Vista Serviços (BOAS3 BS)

Boa Vista is the second largest Brazilian consumer and commercial credit bureau and analytics provider, similar to Experian, Equifax, TransUnion or CIRBE in Spain. They primarily operate in the South whilst their main competitor is Serasa, owned by Experian, operates nation-wide, although they have a deal with SPC to share information in the north and Northeast. (SPC do not compete with Boa Vista in the South). In 2019 a fourth player was setup by major banks but due to the high barriers to entry and new regulations, they have made very little progress to date and the market can therefore be considered a duopoly.

The credit bureau industry started in Brazil in the 1950s as commercial retail associations wanted to provide support to the fast-expanding level of sales in instalments to expedite credit issuance and reduce delinquency, which led to the creation of Boa Vista and SPC. On the other side, Serasa was formed by the banks to provide centralized services to its members, which eventually included credit services. In 2007 Experian acquired 70% of Serasa for $500 million and in 2012 the remainder for $1.5 billion.

Modern Boa Vista was formed as a non-profit in 2010 with its main shareholder the Commercial Association of the city of São Paulo. Three associations, Paraná, Rio de Janeiro and Porto Alegre, acquired a 6.9% stake in exchange for their databases and private equity TMG acquired a 25% stake. In 2011 Equifax sold its operations in Brazil to Boa Vista in exchange for a 15% stake (later diluted down to 11%). The company was then floated on the stock exchange in 2020.

The industry is generally highly regarded by investors as they have "need to have" information to make better decisions, recurring, compounding growth, a "build it once and sell it many times" model which drives operating leverage, and high barriers to entry as recreating the databases is nearly impossible. This all leads to high recurring cash flows.

Brazil has recently introduced "positive data" where banks, telcos, utilities etc must report if clients pay on time or are missing payments. Previously, credit bureaus relied on "negative data", which had to be purchased from city notaries at high cost and only told them when someone did not pay, defaulted and ended in court. With positive data, many new products and innovations can be utilized. In other countries that opened to positive data, there has always been an explosion in credit offered. As Brazil only has 36.6% of consumer credit to GDP compared to developed markets such as the US at 78.5% and UK at 87.7%[5], there is a long growth runway, which will require credit bureau services. The recent growth in fintech banking and credit companies in Brazil has also led to high growth.

The company is net cash and trades at very attractive multiples given the industry and company outlook. When we first purchased the shares, they were at what we determined close to a 10% free cash flow yield. However, this was based on capital expenditure reducing as they spent less on negative data. This was management's guidance until the third quarter of 2021, where they decided they would in fact raise capex and employ more IT staff. This led to a selloff in the stock as the near-term cash

[5] Trading Economics (September 2021)

flow was cut significantly. The investments, however, do make sense and will lead to even higher future growth. After full year results, the stock has partially recovered and whilst the upside is not the same as we previously anticipated in our three to five year view, it is still significantly above the share price at quarter-end.

***

As stated in our previous letter, we are currently not charging a management fee until the fund reaches a larger size. The founder's class management fee will then be only 1% of assets under management.

Our focus is and remains the portfolio, but we do need to grow our assets to a sustainable level. Our fund can be invested 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.

Currently the following financial institutions in Spain are distributors: BBVA, Renta 4, Lombard Odier, Banco Alcala 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 youinvest.co.uk and be part of an ISA or pension.

Our fund is also available on SwissQuote swissquote.com where almost any nationality (ex-USA) can open an account without local Swiss taxes being an issue.

If you have any issues finding our fund, please contact us at
IR@palmharbourcapital.com

Our fund is being offered as part of a Spanish pension value-orientated fund of funds. If interested in investing in a Spanish pension scheme, please contact us.

We thank you for your ongoing support. We continue to believe this is a great time to be a value investor.

Yours faithfully,

Palm Harbour Capital

This information is being communicated by Palm Harbour Capital LLP which is authorised 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.