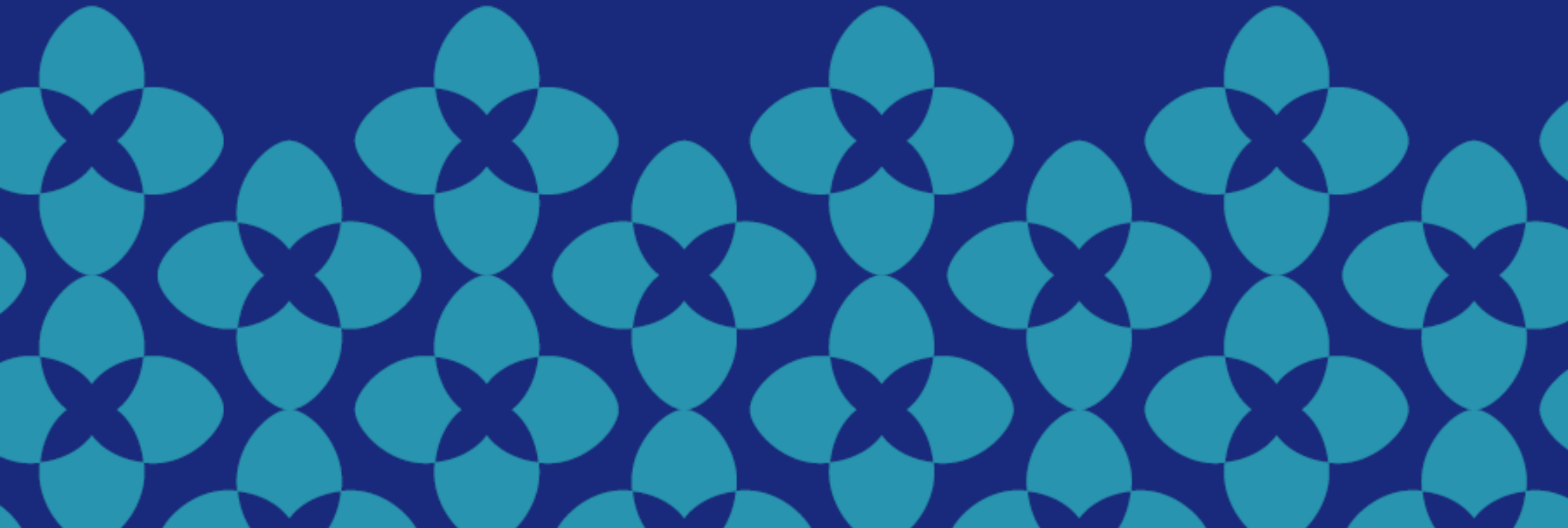


# MAJEDIE INVESTMENTS PLC

December 2023



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# Background



# Introduction

Majedie Investments PLC appointed Marylebone Partners LLP as new investment manager with effect from 25 January 2023

Following the sale of Majedie Asset Management to Liontrust plc., the Board of Majedie Investments PLC conducted a comprehensive review of the Company's investment management arrangements, assisted by JP Morgan Cazenove.

## Objectives and Criteria

### Investment performance

Potential for strong and durable performance. A strategy capable of delivering inflation-beating total returns to shareholders, through a combination of capital growth and dividends.

### A differentiated return stream

An ability to access compelling idiosyncratic investments, at a time when conventional approaches may be compromised.

### An equity-centric investment style

Majedie's core tenet: equities are the best asset class through which to compound wealth, over the medium to long term.

### Experience

Prior experience of the investment trust format. Credentials and a reputation that will attract new shareholders to the Company and improve liquidity.

### Alignment

Fair fees and alignment of interests. A motivation to grow the Company, whilst preserving the culture that has served Majedie's shareholders for decades.

# The decision to appoint Marylebone Partners LLP

A unanimous choice to lead Majedie Investments PLC into an exciting new era

## Investment performance



- Marylebone Partners has managed capital successfully to a total-return mandate, borne out by a 10-year representative track record (no back-tests or hypotheticals).
- UK CPI+4% objective over rolling 5-year periods, including a dividend initially set at 3% and payable quarterly.

## A differentiated return stream



- Marylebone's 'liquid endowment' model brings a truly differentiated proposition to Majedie's shareholders.
- Provides access to opportunities that, until now, have been available only to a small group of endowments, foundations, family offices and UHNW investors.

## An equity-centric investment style



- Equities remain at the heart of the proposition, whilst Marylebone's underlying investments are highly distinctive. Overlap with peer group is structurally low.

## Experience



- Marylebone's principals have previously managed capital within the investment-trust format and have extensive experience investing in the sector.
- Key relationships with market counterparties and potential new shareholders, to narrow the discount and grow the Company.

## Alignment



- Marylebone's culture and philosophy are consistent with the values of the Company.
- Flat fee structure of 90 bps based on market capitalisation and tiered for future growth.
- Alignment of interests and mitigation of expenses, through Majedie Investments PLC receiving a 7.5% interest in Marylebone Partners LLP, at nil cost.

# Introducing Marylebone Partners

An independent specialist in managing capital for long-term total returns

## Experience



Led by Dan Higgins, a 12-person team brings varied backgrounds, perspectives and skills.

Prior experience at industry-leading firms including Fauchier Partners, Wellcome Trust, Goldman Sachs, Sloane Robinson.

## Pedigree



FCA approved AIFM, established in 2013. AUM of ~£500m, client base of endowments, families, UHNWIs.

Extensive prior experience of the investment-trust format.

## Sustainability



ESG considerations are embedded into Marylebone's investment process.

A UNPRI signatory, committed to support its Net Zero ambitions.

## Risk



Deep fundamental work, sophisticated portfolio construction, and a series of proprietary tools which aim to protect against capital loss.

Active monitoring of exogenous and internal risks (including liquidity mismatches and pricing risk).

## Executive Leadership



OLIVIA MACDONALD  
Partner, Senior Analyst



DAN HIGGINS  
Founder, CIO



ROBERT ELLIOTT  
Partner, Senior Analyst



MARK SCHILLING  
Strategic Relationships



ANGELA LEDBURY  
Investment Operations



NICK TOMBLESON  
Business Operations

## Non-executive Partners



MARC JONAS  
Investment Committee



STUART RODEN  
Investment Committee  
Chair



DAVID HAYSEY  
Investment Committee

# Marylebone Partners' liquid-endowment model

## Capitalising on the investment trust format

Marylebone Partners' liquid-endowment model emulates the long-term, fundamental mindset that has driven the success of elite university endowment programmes in the United States.

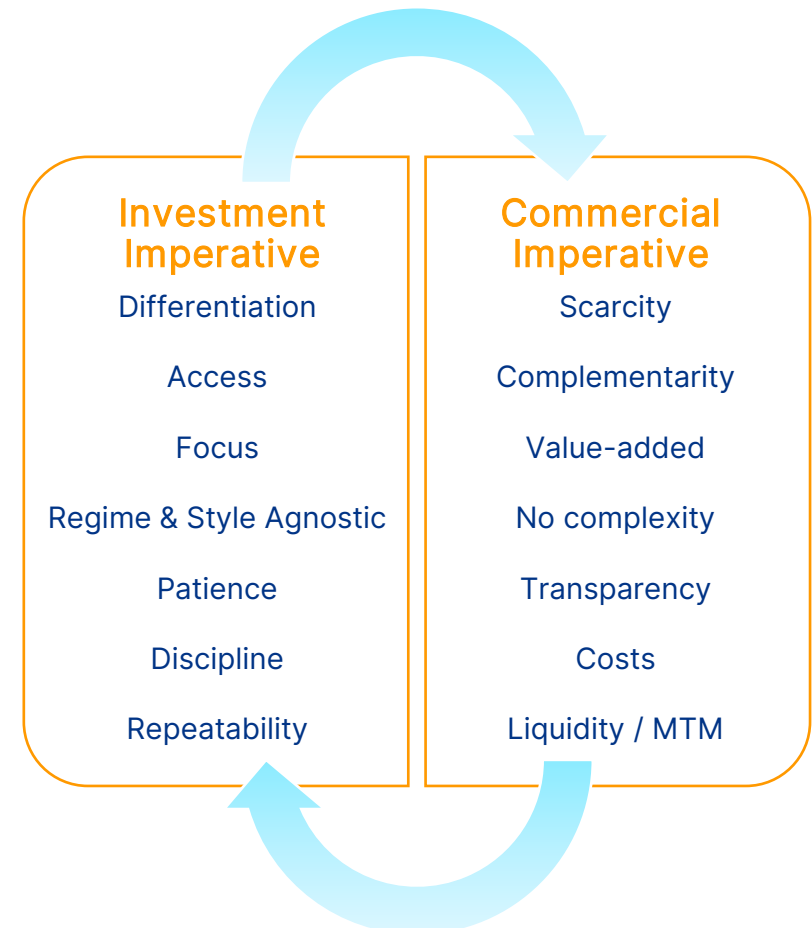
The approach harnesses idiosyncratic performance from an actively managed equities strategy, held alongside high conviction investments in other asset classes.

Marylebone's approach differs from many endowments as the firm does not allocate to deeply illiquid strategies such as venture capital or private equity.

Marylebone Partners seeks to achieve superior returns without locking-up capital for multi-year periods, by finding off-the-beaten-track opportunities within more liquid areas.

Investments in the Majedie portfolio are marked-to-market frequently and can be monetised within a reasonable time frame.

### Criteria for a successful modern-day investment trust



# Macro and markets backdrop





# The investment landscape has changed

Our working assumptions...

- > Structurally higher interest rates
- > Ongoing macro and geopolitical volatility
- > Variable liquidity conditions
- > A higher cost of capital for enterprises
- > More (fundamentally driven) dispersion



**A NEW PLAYBOOK IS REQUIRED**

# How to prosper

## A framework for success over the next 5-10 years

### Stop “old regime” thinking

- Don't presume there will be beta tailwinds (passive exposure could be risky).
- Don't assume that fixed income will protect.
- Don't rely on generic exposure to asset classes that depend on low interest rates, cheap leverage, and high exit multiples.
- Be wary of assets that are not marked-to-market.
- Pay attention to balance sheets and credit.
- No avoiding currency risks.

**GENERIC EXPOSURE / TACTICAL ASSET ALLOCATION WILL NOT BE SUFFICIENT TO DELIVER INFLATION-BEATING RETURNS**

### Embrace “new regime” thinking

- Weighing Machine (not Voting Machine).
- There IS an alternative to equities (*e.g.*, stressed credit).
- Capitalise on fundamentally driven dispersion.
- Seek out only exceptional bottom-up return sources.
- Withstand - and capitalise upon - volatility.
- Mark-to-market (can I trust the valuation)?
- Understand FX volatility.

**THE ABILITY TO IDENTIFY IDIOSYNCRATIC FUNDAMENTAL RETURN SOURCES WILL BE CRITICAL TO SUCCESS**

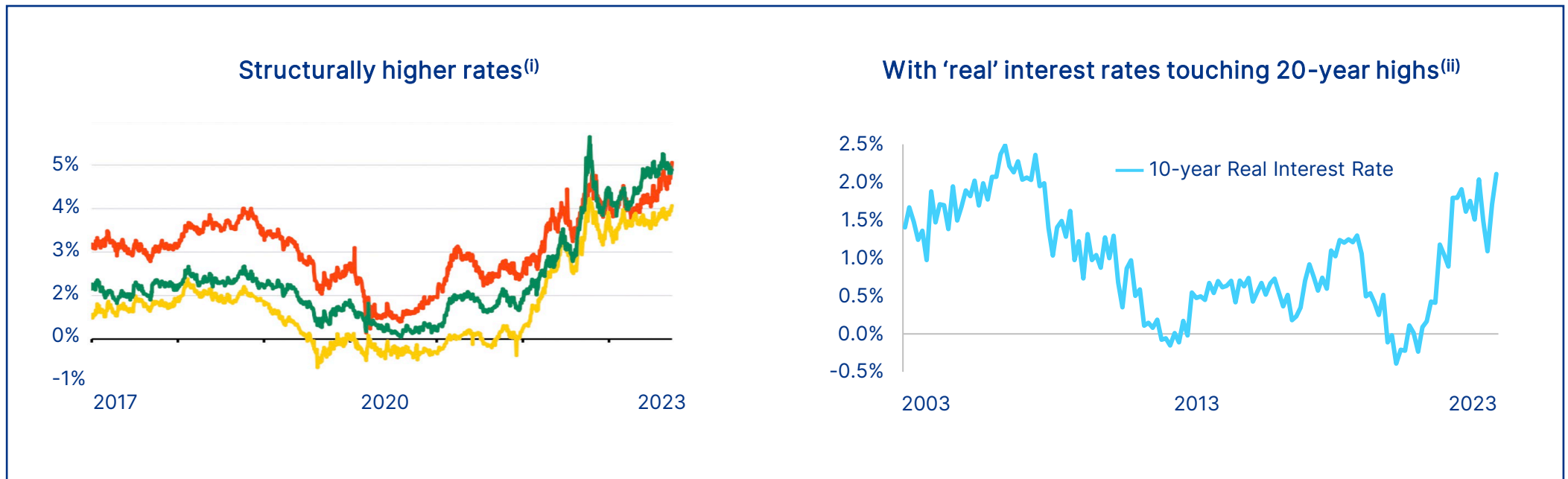
# Market Outlook

## Selectivity, patience, and an ability to identify bottom-up opportunities

### Credit: the opportunity outside of equities

Short-term price action continues to be driven by evolving 'narratives'. Last quarter's dominant theme was that interest rates would need to remain 'higher for longer', which weighed on equities (especially those that are sensitive to rates).

In the meantime, a combination of higher interest rates and wider spreads make certain credit investments look attractive by comparison.



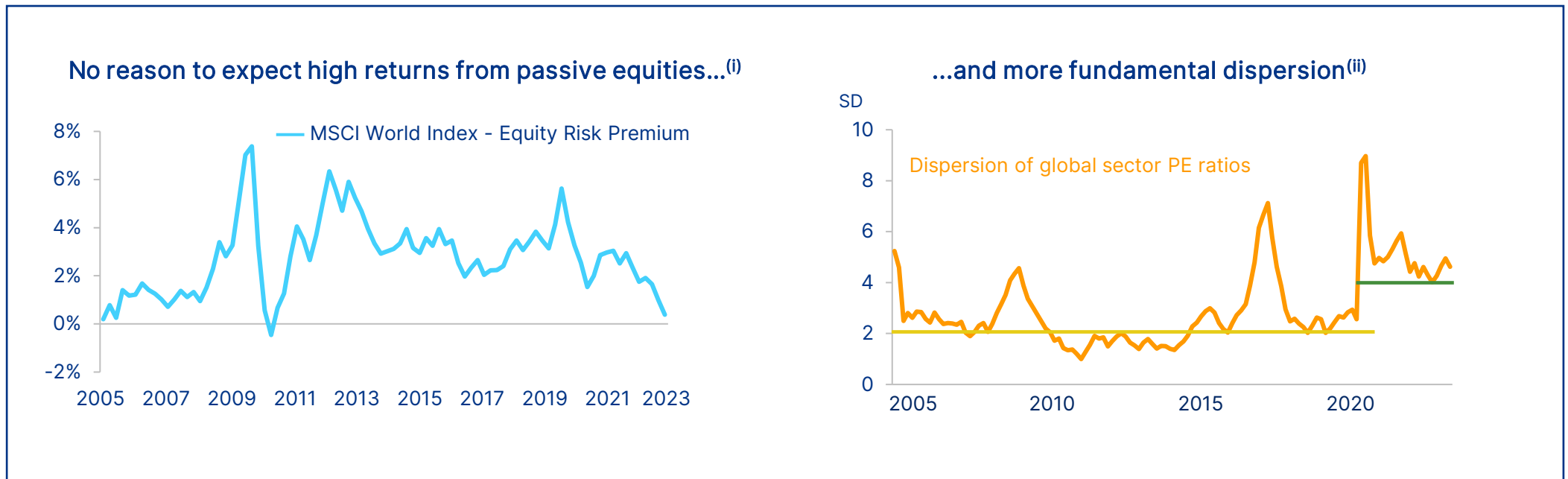
(i) Source: BlackRock Investment Institute, as of October 2023.  
 (ii) Source: Federal Reserve Bank of Cleveland, as of September 2023.

# Market Outlook

## Selectivity, patience, and an ability to identify bottom-up opportunities

### Dispersion: the opportunity within equities

The environment argues for discipline and selectivity within equities. From this starting point, we are sceptical that passive strategies will deliver strong outcomes over the years ahead. Yet the conditions are in place for the very best active managers to add value.



(i) Source: FactSet, as of September 2023.

(ii) Source: BlackRock Investment Institute, as of October 2023.

# Portfolio update



# Marylebone's differentiated investment model

Combining three distinctive fundamental strategies

## Special Investments

Eclectic, high-return-potential opportunities  
 'One Degree of Separation' rule  
 12-36 months time horizon  
 All investments marked-to-market

Flexible mandate, deep due diligence:

- Co-investments
- Special Purpose Vehicles
- Thematic funds
- Capital-market transactions

Strategic range



20%+

IRR potential

## External Managers

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

Best-in-class selection of:

- Regional Specialists
- Industry Specialists
- Style Specialists
- Absolute Return (incl. Specialist Credit)

Strategic range



15%+

IRR potential

## Direct Investments

Long-term investors in great companies  
 Focused selection, idiosyncratic opportunities  
 No structural style or sector bias  
 Quality Compounders / Unappreciated Change

'Four Building Blocks' framework:

- Revenue growth
- Economic profitability
- Business quality
- Valuation

Strategic range



15%+

IRR potential

# The new Majedie portfolio

## 1. Special Investments

Through an ideas network built over two decades, Marylebone Partners accesses distinctive investment opportunities, each capable of generating annualised returns of 20% or more.

Eclectic, high-return-potential opportunities

- 'One Degree of Separation' rule
- 20%+ IRR potential
- 12-36 month time horizon

All investments are marked-to-market

Flexible mandate, deep due diligence:

- Co-investments
- Special Purpose Vehicles
- Thematic funds
- Capital-market transactions



### Five Largest Positions

Name	Position Size	Profile	Description	Target IRR
Project Uranium	1.9%	Equity basket (Commodities)	Thematic (supply/demand)	20%+
Project Challenger	1.8%	Snr non-pref bonds (Banks)	Stressed bonds of UK Challenger bank	20%+
Project Bungalow	1.6%	Equity co-invest (Consumer)	Stressed bonds of UK Challenger bank	20%+
Project Sherpa	1.3%	Equity co-invest (Consumer)	Activist turnaround	30%+
Project Retain	1.2%	SPV (Other)	Tax Credits	25%+

# Special Investment Examples

## Project Cauldron



### Trusted source

Boutique long-short manager based in Dallas, TX. Known to us for 5 years. We previously performed due diligence on a comparable investment.

### Thesis

A high-quality Software business with a sticky customer base and long runway for growth. It provides a mission-critical product to a specific industry, with high switching costs and a direct relationship with its customers. Gross Retention Rates of 97% and Net Retention Rates of 113%.

In addition to the general malaise that has surrounded the SaaS sector over the past 18 months, Cauldron's share price has been under further pressure because of misplaced concerns about the industry it serves.

Consequently, the valuation has fallen to trough levels.

### Opportunity

Cost cutting and economies of scale should drive an increase in profitability, paving the way for a strategic or financial sale.

The idea sponsor sees a pathway to 100% upside within 2-3 years, with a private-equity buyout the most likely exit route.

## Project Sherpa



### Trusted source

West Coast activist with whom we have made three prior (successful) co-investments.

### Thesis

The target company is a well-established consumer product business, with a strong collection of brands serving attractive end-markets.

Under a previous CEO, costs ballooned, capital was misallocated, and key brands were starved of investment leading to poor fundamental performance.

As a result, the share price performance has been poor, and the company is trading on an extremely cheap valuation.

### Opportunity

Growth in free cash flow via rehabilitation of core brands, disposal of non-core assets, overhead reduction.

The idea sponsor sees 100-200% upside potential over 2-3 years, representing a potential IRR of >40%.

## Project Diameter



### Trusted source

Boutique long-only manager with whom we have had a collaborative relationship for several years.

### Thesis

U.S. listed company and a market leader in a steadily growing segment of the business services sector.

High customer retention rates, strong ROIC, low cyclicality, steadily growing operating margins, and significant economies of scale.

The stock has sold off heavily on worries that a recent large acquisition and the company is seen as at risk of AI disruption.

### Opportunity

As AI fears prove unfounded and company drives higher earnings, the shares can re-rate meaningfully.

The idea sponsor sees ~80-200% upside potential over 2-3 years representing a potential IRR of >40%.



# The new Majedie portfolio

## 2. External Managers

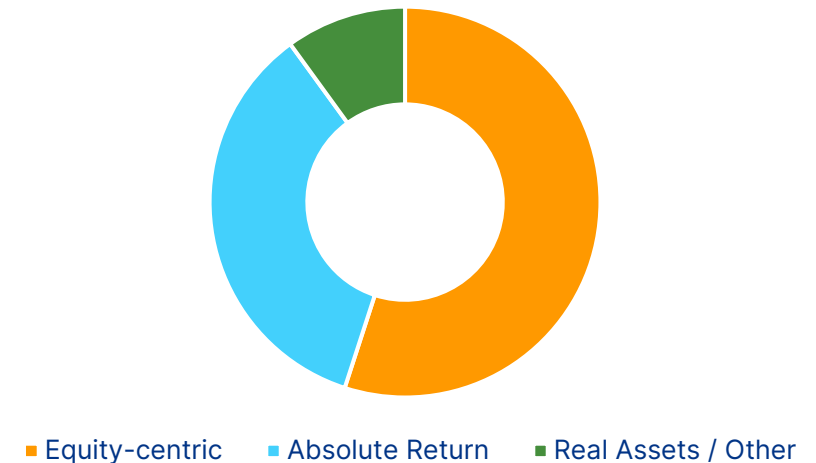
### Equity-centric

- Eight funds, each managed by specialists in structurally inefficient sectors, regions, or style categories.
- We see potential for multi-year alpha-driven returns in low teens from this group.
- Sector Specialists: Mid-cap Biotech, Software and Clean Energy.
- Regional Specialists: Continental Europe, Scandinavia, China.
- Style Specialists: Mid-cap Activism and Value Catalyst strategies.

### Absolute Return

- Four core allocations to Specialist Credit managers, focused on Distressed, High-Yield, European and Emerging Markets opportunities, respectively.

RiP breakdown of External Managers



Five Largest Positions

Name	Position Size	Profile	Location	RiP
Silver Point Capital	6.4%	Distressed Debt	Greenwich, CT	Absolute Return
Millstreet Capital	6.0%	High Yield	Boston, MA	Absolute Return
Contrarian Emerging Mkts	6.0%	Distressed / Event	Greenwich, CT	Absolute Return
Helikon Long Short	5.4%	Regional Specialist (Europe)	London / Milan	Equity-centric
Eicos S.A.	4.2%	Credit (Europe)	London	Absolute Return

# External Manager Examples

## Millstreet Credit Fund

Specialist  
Credit

Millstreet is a Boston-based credit specialist, whose principals previously worked at Regiment Advisors, a Harvard Management Company spin-off. We identified the manager as part of a project focused on prospective opportunities in credit in mid-2020.

### Investment Approach

- Millstreet focuses on credit instruments issued by smaller companies, targeting issue sizes from \$200m to \$500m.
- The portfolio features investments in senior secured instruments, with short duration, high coupons and therefore potential for total returns in the mid-teens or better.
- The Fund has a flexible net exposure; making use of idiosyncratic shorting alongside broader market hedges.

### Competitive Edge

- Millstreet operates within a structurally inefficient segment of the market, with limited research coverage and competition. Most rules-based institutional investors do not invest here.
- Their edge resides in proprietary credit analysis, market 'nous', experience and network.
- By focusing on a small number of positions, Millstreet builds a portfolio with excellent risk/reward dynamics.

## Paradigm BioCapital Partners

Sector  
Specialist

Paradigm BioCapital is a SMID cap biotech specialist, whose PM previously held a senior role at Avoro Capital. We identified the manager as part of a project to capture opportunities in the sector following the 2021-22 sell-off.

### Investment Approach

- Paradigm seeks compelling up / down pay offs in individual equities within this highly inefficient and opportunity-rich sector.
- The portfolio features 'core' and 'event-based' positions. Risk is mitigated with single name, custom basket and index shorts to reduce volatility and deliver alpha.
- The fund has flexible net exposure and has used this to good effect since launch in 2021.

### Competitive Edge

- Paradigm's team includes several physicians, who understand both clinical data and real-world clinical adoption.
- They respect both the power of medical progress and the fact that most drugs do not pass clinical trials. Hence their commitment to add value on both the long and short side.
- They are probabilistic thinkers, able to effectively calibrate clinical and commercial pay off profiles.

## Helikon Investments

Regional  
Specialist

A European 'special situations' fund, launched in 2020 and hard closed to new investors. Under CIO Federico Riggio, the same team ran a successful strategy at Kairos, part of Julius Baer. While the investment team are Italian nationals, the firm is London-based with a research office in Milan.

### Investment Approach

- Special Situations across Developed (70%) and Emerging Europe (30%).
- Seeks to exploit dislocations between price and value, focusing on IRR potential over a 3-5 year horizon.
- Primarily 'value' equities with opportunistic exposure to credit.
- Bias towards Financials, Utilities, Materials, Real Estate and Industrials. Concentrated and high conviction.

### Competitive Edge

- 'Time Arbitrage' i.e., a willingness to take a longer-term view than most market participants.
- Deep fundamental work and original thinking, applied to under-followed / inefficient segments of the markets.
- Strong risk management discipline, which combines margin of safety with sophisticated exposure management.

# The new Majedie portfolio

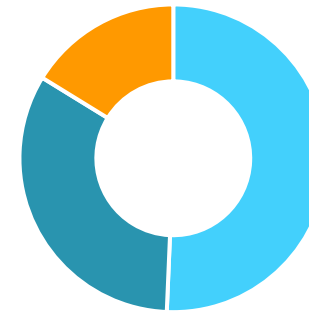
## 3. Direct Investments

- 15 directly held investments in public equities, each listed in the developed markets.
- All of which meet Marylebone Partners' quality and growth criteria.
- A combination of 'quality compounders' and 'unappreciated change' situations.
- Diversified by sector, region, end market, and factor profile.

### Weighted average metrics:

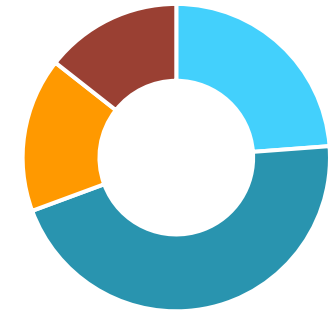
- Modelled upside to our base-case price targets of +40%
- Forecast revenue growth of 6%+ p.a. (next 5 years)
- 2024e Price-to-Earnings multiple of 17.5x
- Free Cash Flow Yield of 5% (2024e)
- Strong balance sheets

Geographic Split



- US
- UK
- Europe (ex. UK)

Industry Split



- Technology
- Industrials
- Consumer Discretionary
- Healthcare

Five Largest Positions

Name	Position Size	Sector	Profile	2024 PE	Upside to Base
KBR Inc.	2.1%	Industrials	Unappreciated Change	15.8x	51%
UnitedHealth Group Inc.	1.9%	Healthcare	Quality Compounder	19.6x	24%
Wabtec Corp.	1.7%	Industrials	Unappreciated Change	16.9x	28%
Weir Group plc	1.6%	Industrials	Unappreciated Change	14.9x	35%
Heineken NV	1.5%	Consumer	Quality Compounder	13.6x	53%

# Direct Investment Examples

## Wabtec Corporation

Equities

Wabtec is a leading global provider of products and services to the rail industry. The company operates through two segments: Freight (locomotives, components, parts, and services for freight rail) and Transit (parts and equipment for passenger rail services). Both divisions include after-market sales / services.

### Investment Thesis

- Under-appreciated transition to technology-driven efficiency as “Precision Scheduled Railroading” is reaching a point of diminishing returns, forcing rail companies to look elsewhere for efficiency gains. Wabtec has market leading solutions.
- Decarbonisation of rail. Wabtec provides technology and software to minimise fuel usage and improve efficiency. It is the first to develop a fully electric battery line-haul locomotive.
- Near-term cyclical growth. The locomotive cycle is at a trough and has already started to inflect, with rail operators choosing to order new locomotives or completely overhaul existing locomotives. Wabtec is the leading provider of new locomotives and the required services to overhaul existing locomotives.
- Valuation is attractive at mid-teens FY24E P/E and a >6% FCF yield.

## Breedon Group plc

Equities

Breedon Group plc is a leading vertically-integrated construction materials group in Great Britain and Ireland. They provide essential products to the construction industry, drawing on their substantial reserves of 1 billion tonnes of minerals.

### Investment Thesis

- Breedon owns valuable long-term assets, extraction of which is under the company’s control.
- Long term demand should prove solid, underpinned by infrastructure spending (c. 50% of group).
- Breedon operates in a rational market, which enables robust pricing and sturdy defence of profitability.
- The company is well-managed, both operationally and with respect to capital allocation.
- A conservative balance sheet should provide ballast in an earnings downturn, plus fire power for further consolidation and/or new market entry.
- Valuation already reflects near term cyclical demand pressures.

## Thermo Fisher Scientific Inc.

Equities

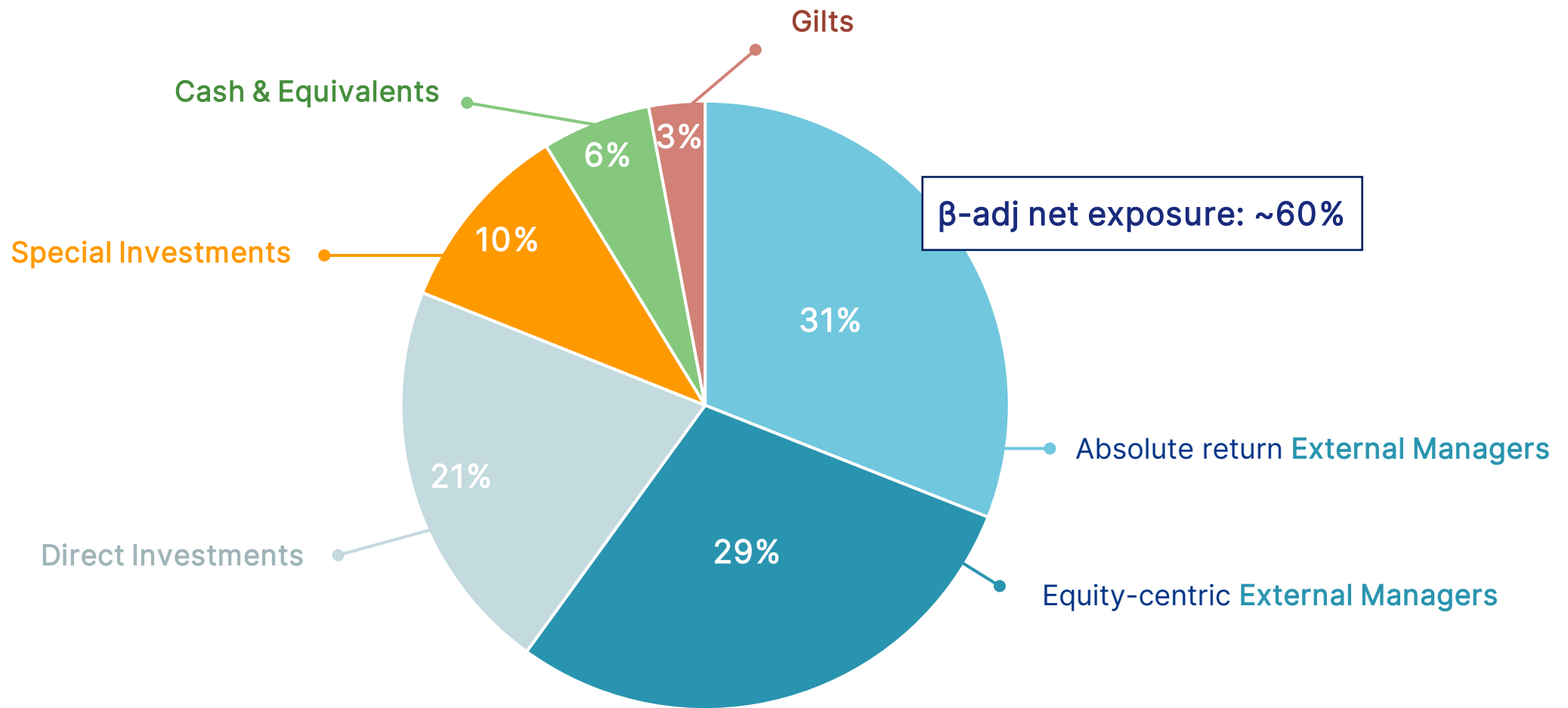
Thermo Fisher Scientific Inc. (“Thermo”) is the largest life science tools company in the world with >\$40bn of annual revenues (c. 75% are recurring). They are a market leader across most of their sub-markets. Over the past 5 -7Y, they have upgraded their portfolio to enable higher organic sales growth. They have a strong M&A track record, buying at fair to full headline values but driving superior growth over time.

### Investment Thesis

- Achievable organic goals. Our work suggests 7-9% p.a. revenue growth, c.3% above end markets, with gentle margin expansion, is achievable and cash conversion from the existing business should improve.
- Partner of choice. Thermo’s size and breadth is unique amongst its peers and, we believe, confers: 1) financial resilience; and 2) the potential for superior long-term sales and earnings growth, driven by share gains.
- Effective capital allocation. Thermo can seize consolidation opportunities by leveraging its financial, strategic, and operational strengths.
- Reasonable valuation. The recent de-rating of Thermo, alongside its peers, enables us to buy a proven, long term compounding story at a reasonable price. With limited further de -rating and earnings downgrade risk, we can therefore buy the stock for its long-term EPS compounding potential.

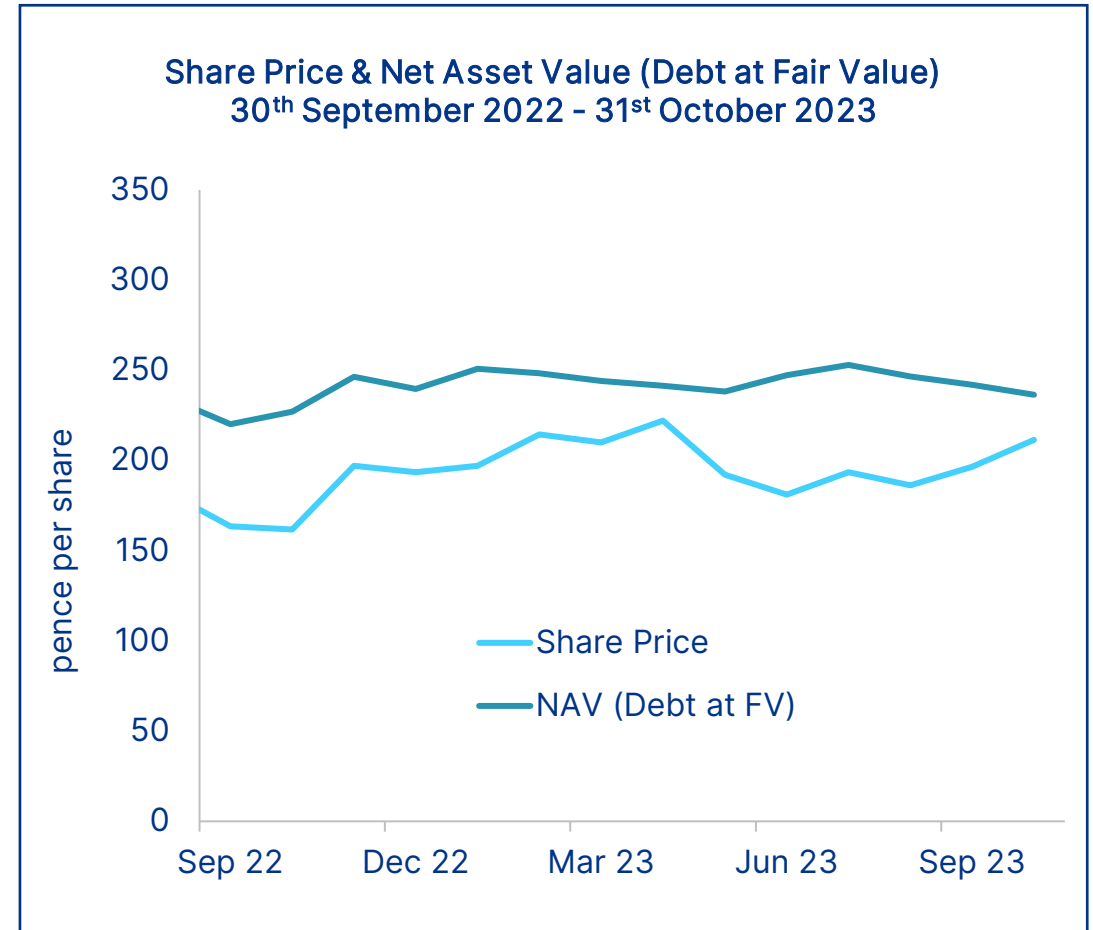
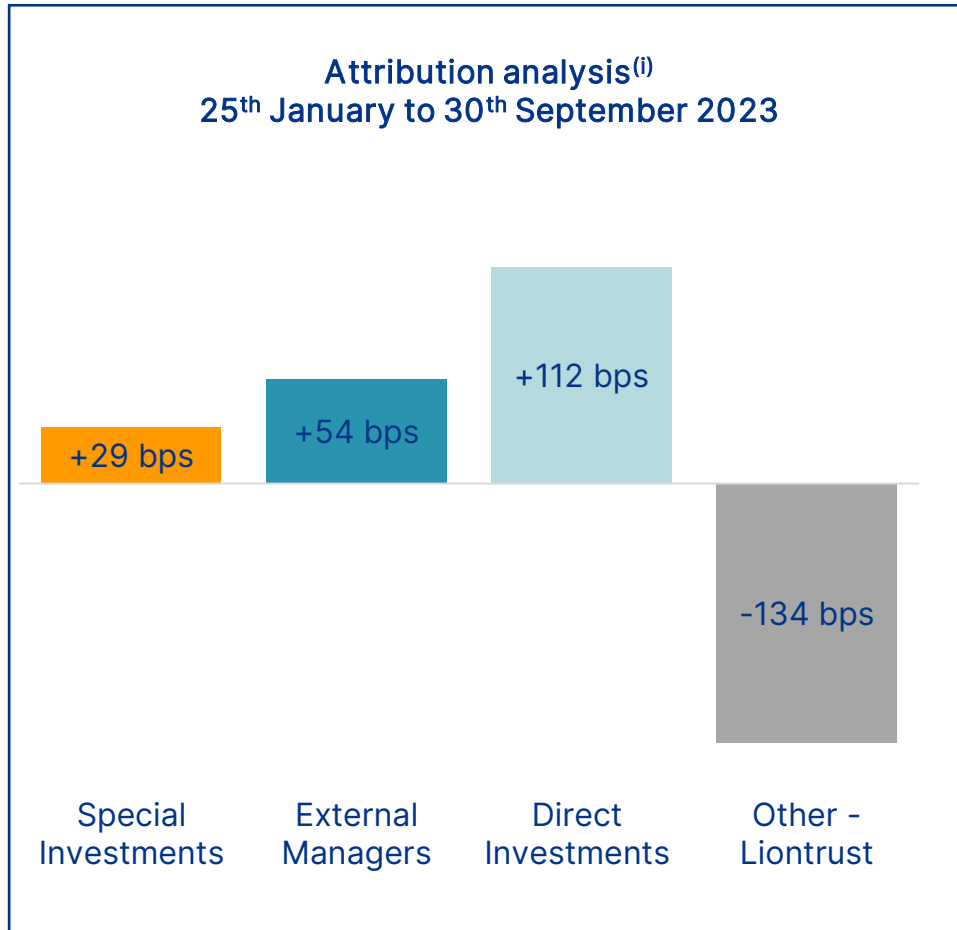
# Current positioning

Now fully invested with no legacy positions





# Performance & Attribution



(i) Source: Marylebone Partners LLP. Does not include contribution from legacy positions, provisions and debenture cost.

# Summary

## An exciting future for Majedie Investments

### PROPOSITION

- Differentiated returns through three distinctive, complementary and fundamental strategies.
- Equities remain at the heart of the approach.
- Access to ideas not previously available in the investment-trust format.
- Future-proofed by multiple return sources.
- No dependence on a single style or individual.

### TERMS

- Flat fee structure based on market capitalisation.
- Staggered as assets grow.
- Incentive to bring in new investors.
- Fee holiday to mitigate transition costs.
- Attractive dividend.
- 7.5% stake in Marylebone Partners LLP.