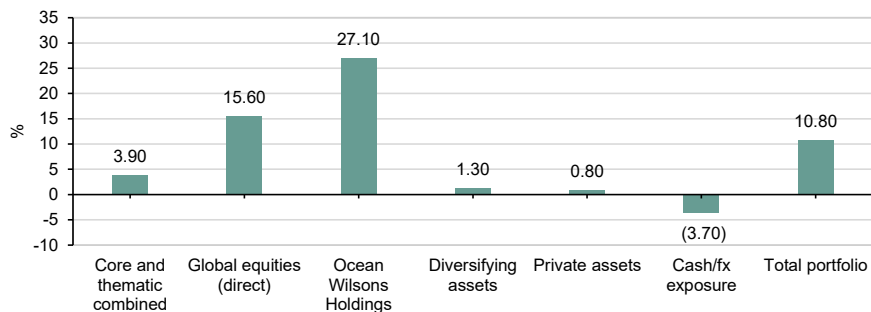


Hansa Investment Company

Streamlined for success

Hansa Investment Company (HICL) offers investors a portfolio of best-in-class managers that are often hard to access for retail investors, including country and thematic funds, a portfolio of direct value-biased global equities and a defensive allocation. The manager has also recently started a private asset programme. Historically, investors have been wary of HICL's illiquid exposure to Brazil, and its complex structure, and this has seen the company trade at a substantial 'double discount' of around 50%. However, recent developments are transforming HICL's structure. Its holding in Ocean Wilson Holdings (OWHL) sold its Brazilian asset, Wilson Sons, and HICL is currently seeking to combine with OWHL. This will greatly simplify its structure and accelerate its private asset programme, while also delivering significant benefits to its shareholders and clearing the way for a potential narrowing in the discount.

Exhibit 1: Sleeve performance, 12 months ended 30 June 2025



Source: Hansa Investment Company, Edison Investment Research

The analyst's view

- HICL's history means the company has a very long-term investment focus, which should appeal to some investors. The company has achieved its capital preservation and growth goals, delivering an annualised return of 10.2% in NAV terms over the five years to July 2025.
- The company's long-term focus means it has a bias towards equities and HICL's manager, Alec Letchfield, remains positive about the US economy and equity markets in general. However, despite this, Letchfield has been increasing portfolio diversification in light of recent US events, and he expects the portfolio to be robust if there is further volatility, thanks in part to the experienced, world-class managers of its fund investments and its holdings in diversifying assets.
- In our view, HICL's current wide discount therefore offers investors the chance to access a portfolio of best-in-class funds, a highly concentrated and differentiated group of direct equity holdings and a diversifying sleeve to help mitigate volatility. Combined with a mature group of extremely high-quality private assets, if the combination with OWHL proceeds, this, we believe, creates a compelling and unique investment opportunity.

Investment companies
Global multi-asset

3 September 2025

Price	257.00p
Market cap	£305m
Shares in issue	120.0m
Code/ISIN	HAN/BMG428941162
Primary exchange	LSE
AIC sector	Flexible Investment
Financial year end	31 March
52-week high/low	286.0p 189.3p

Fund objective

Hansa Investment Company is a globally diversified, multi-asset class investment portfolio that seeks to identify compelling investment opportunities in long funds, hedge funds, direct global equities and private assets. The Company looks to conservatively grow capital over time through investing in a blend of best-in-class public and private equities balanced by more defensive all-weather investments.

Bull points

- HICL's proposed combination with OWHL will give shareholders immediate exposure to OWHL's portfolio of private equity investments, which would otherwise take years to acquire.
- The deal will also increase liquidity and reduce management fees and the ongoing charge to 0.75%, from 1.0% at present.
- Should the proposed combination proceed, HICL's new capital allocation policy is expected to enhance returns via annual on-market share buybacks of 2-4% of its issued share capital.

Bear points

- HICL's core exposure to the US means near-term returns are vulnerable to further shocks in this market, despite the manager's diversification efforts. HICL is exposed to short-term volatility, but this is not something the manager considers a risk given its long-term investment focus.
- HICL's focus on long-term growth means it pays only a modest dividend.
- Private equity investments require investors' patience.

Analysts

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Hansa Investment Company
is a research client of Edison
Investment Research Limited

Recent developments at HICL are ‘transformational’

Two significant events have now completed which have the potential to transform the outlook for HICL. The first is the sale of Wilson Sons, Brazil’s largest port and maritime logistics company, by OWHL. As a reminder, HICL has long owned a 26.5% stake in OWHL, which in turn owned 56.5% of Wilson Sons as well as an investment portfolio (Ocean Wilsons (Investments) Ltd (OWIL)). OWHL announced in October 2024 that it had agreed to sell its holding in Wilson Sons to a subsidiary of MSC Mediterranean Shipping Company, with the deal completing on 4 June 2025 for a consideration of approximately \$594m after taxes and transaction costs.

Subsequent to this, OWHL completed a tender offer on 23 July 2025 where it repurchased shares representing 20% of the company’s issued share capital for a total cost of approximately £109m. HICL made the decision not to participate in the tender offer. Following the completion of the tender offer, HICL now owns 33.1% of OWHL. Further details of both events can be found on the [OWHL website](#).

Combination with OWHL will generate significant benefits for HICL shareholders

In June 2025 it was announced that HICL and OWHL had agreed the terms of an all-share combination subject to shareholder approval of both companies. Under the terms of the proposed deal, OWHL shareholders would receive both ordinary and A-shares of HICL, with the combined company retaining the HICL name and listing (see [our June note](#) for details).

Both HICL and OWIL are managed or advised by Hansa Capital Partners and have very similar investment portfolios and strategies, which Hansa’s chief investment officer and portfolio manager, Alec Letchfield, believes would complement each other. Combining the companies would create a diversified, global portfolio that blends investment funds, direct equities, private assets and a diversifying sleeve. OWIL already has a mature, top-tier private equity portfolio, with the combination immediately increasing HICL’s exposure to private equity to c 10% as opposed to the ‘commitment’ approach, which is slowly adding private equity to the HICL portfolio and currently only accounts for less than 1% of assets.

There are many other benefits to the combination for HICL shareholders. The combined group would have assets in excess of £900m, which would make the company one of the largest among its peers. This scale should create other benefits such as improved liquidity as the average daily traded volume is expected to be higher. HICL’s management fee would switch to a tiered structure of 0.8% up to £500m of the combined group’s NAV and 0.7% thereafter, compared to the existing fee of 1.0%.

Combining OWHL and HICL would significantly simplify the structure of the group as well as allowing HICL to recognise the full value of its OWHL holding when it is combined at NAV. The complexity and opacity of the company-within-a-company structure has made it difficult for the market to accurately value HICL. The combined group would also introduce a new capital allocation policy that is expected to enhance returns over time, mainly through the implementation of annual on-market share buybacks of between 2% and 4% of its issued share capital. This policy would prioritise share repurchases over dividends and may include both ordinary and A-shares (see Capital structure and fees section below). HICL’s board considers this to be a more efficient approach to capital allocation, as buybacks create more significant economic value for HICL’s remaining shareholders, compared to returning value to shareholders via dividend payments.

The results of voting on the combination should be known by mid-September 2025 with the effective date of the scheme expected to be 24 September 2025 if it is approved.

HICL: A unique offering with a very long investment horizon

Hansa's board and manager believe the company's offering is differentiated from its peers in several ways, which it hopes will appeal to some investors:

- Genuinely long term. The manager has consistently stayed invested in equity markets, riding out volatility. It also makes HICL a highly attractive partner which, when combined with the manager's unparalleled address book, means that the company can invest with the very best managers that others cannot access, especially the top-tier private equity and venture capital funds.
- Truly unconstrained. HICL's multi-asset portfolio looks nothing like the traditional 60:40 portfolio. It incorporates limited partnership private equity, which many multi-asset funds struggle to do, alongside public market funds and direct equity investments. The portfolio's diversifying assets have also significantly outperformed a traditional bond portfolio.
- Highly aligned. The company controls its own destiny, with all decisions made for the long-term benefit of all shareholders. HICL's long-term stability has enabled it to generate consistently strong returns in all market conditions.
- Understanding multiple asset classes. The manager has a deep knowledge of different asset classes that allows him to blend various strategies into an attractive portfolio. Understanding the potential risks, rewards and correlations between these assets is the key. For multi-asset portfolios the skill is how the assets are combined.

A four-sleeve approach to investment

The manager adopts a four-sleeve approach, which combines a core regional and thematic sleeve, representing around 50% of the portfolio, with a concentrated, high-conviction portfolio of direct global equities, and investments in diversifying and private assets (Exhibit 5). At the end of June 2025, the portfolio held 62 positions.

Within the core regional and thematic sleeve, Letchfield blends active and passively managed funds to provide as much flexibility as possible. In his view, in efficient markets such as the US it is difficult to create value by active management, so he is happy to blend passive funds with genuinely active funds, and while the latter may on occasion deviate from the broader market, they have a much greater potential to outperform the index over the longer term. The thematic sleeve also includes investments in specialist funds focused on themes such as technology, biotech and insurance.

The manager of HICL's global equities sleeve, Rob Royle, looks for companies that are under-appreciated by the market. The portfolio has a value orientation, with stocks typically trading at a large discount to intrinsic value. Consistent with HICL's overall investment approach, Royle favours businesses where management interests are highly aligned with those of shareholders.

HICL's very long-term investment horizon means it has a natural bias towards equities; over the past decade, the company's exposure to equities has remained relatively stable at c 80%. Given the manager's long-term horizon, and scepticism on calling market cycles, he is happy to ride through normal market volatility.

However, at certain points in the cycle – times of peak market risk combined with structural challenges – it is desirable to reduce equity market exposure. The manager therefore has the ability to shift into diversifying assets that offer lower volatility than equities, while still generating steady, attractive returns. Highlighting the manager's willingness to deviate from the broader market, which largely focuses on bonds in their defensive holdings, Letchfield initially focused on multi-strategy hedge funds, event-driven and equity market neutral hedge funds, commodity trading adviser (CTA) funds specialising in derivatives trading and other alternative assets. This approach generated significant outperformance over the last decade; since this sleeve was launched in June 2016 until end December 2024, HICL's diversified assets have returned c 43%, while global government bonds have declined by c 2%, the Global Aggregate Bond index has risen c 5%, UK gilts have declined by 11% and UK CPI has increased 33%. These assets have also been significantly more stable. The largest drawdown this part of the portfolio experienced over this same period was -4.5%, compared to the MSCI ACWI, which dropped 15.9% and the UK Gilts Index, which saw a maximum drawdown of 31.8%.

HICL's fourth sleeve comprises private assets. This sector contains many of the world's fastest-growing, most innovative companies, with such companies staying private for longer and possibly never coming to public markets. Hansa's manager considers that it is essential for long-term investors to have exposure to this asset class, especially as they

have a tolerance for the lack of liquidity associated with private investments.

To date, HICL's investment in private assets has been very limited, representing less than 1.0% of the portfolio, as the lead times for investment tend to be very long. However, if the proposed combination with OWHL is successful, it will give HICL immediate exposure to OWHL's established private equity book; after the combination is completed, private assets would represent 10% of HICL's portfolio (see further details of the combined portfolio below). This would give HICL positions in some of the best, but very hard to access, private equity groups in the US, Europe and Asia, bestowing a significant benefit on the company, as it removes the multi-year delays typically associated with private equity investments. The private equity strategy is overseen by Letchfield, in his capacity as chief investment officer of Hansa Capital Partners, and its performance track record is impressive. In the 11 years since OWHL adopted its private equity strategy, it has significantly outperformed the MSCI ACWI+Frontier Markets, Net Return (in US dollar terms), delivering a return of 215%, compared to the index return of 152%. This performance attests to Letchfield's expertise in this sector, which bodes well for the future prospects of this part of HICL's portfolio.

Performance

Exhibit 2: Five-year discrete performance data

12 months ending	Total share price return (A shares, %)	Total share price return (Ord shares, %)	Total NAV return (%)	MSCI AC World (%)	Bovespa (%)	UK Gilts TR (%)	UK CPI (%)
31/07/21	30.6	36.2	29.3	26.3	13.0	-4.0	2.0
31/07/22	-15.9	-16.0	-6.9	2.7	-4.2	-13.7	10.1
31/07/23	2.1	4.3	6.7	7.3	22.2	-16.0	6.8
31/07/24	16.7	18.1	16.8	17.8	-11.8	5.8	2.2
31/07/25	26.2	24.2	8.5	13.0	2.2	-0.4	3.6

Source: Hansa Investment Company, LSEG Data & Analytics. Note: All % on a total return (TR) basis in pounds sterling.

When considering the company's performance, it is important to begin with the understanding that HICL's manager is benchmark agnostic and does not wish to be tied to any single benchmark. HICL's board agrees with this view, as it believes that the use of a single benchmark will not always offer shareholders the relevance and clarity needed to assess the performance of their company. The board therefore considers three key performance indications when assessing performance: the MSCI All Countries World Index (MSCI ACWI) (in pounds sterling), a broad UK Gilts market index and the UK Consumer Prices Index (CPI). HICL's manager also considers a 60:40 composite of the MSCI ACWI Equal Weighted Index and a broad UK Gilts index, a proxy for a multi-asset portfolio, as a relevant comparator.

The first quarter of 2025 was very challenging for global equity investors, with bouts of volatility triggered by uncertainties about the impact of US trade policy on global growth, inflation and international relations. However, true to his strategy, Letchfield looked beyond the noise, and resisted any temptation to sell or over trade. This approach served HICL well in the second quarter when markets sharply rebounded as concerns over US trade policy declined.

In the year to end July 2025, the portfolio returned 8.5% in NAV terms, while the ordinary shares returned 24.2% and the A class of shares returned 26.2%. These results compare with a 13.0% return on the MSCI ACWI Index over the period. They exceeded the performance of UK Gilts, which declined by 0.4% on a total return basis, and the UK CPI index, which rose 3.6%. HICL's longer-term performance has been solid in absolute terms, fulfilling its objective to preserve and grow capital. Over the five years to end July 2025, it delivered an annualised return of 10.2% in NAV terms, while the ordinary shares returned 11.9% and the A class shares returned 10.6%. This compares with an annualised return of 13.1% in the MSCI ACWI, -5.7% on Gilts and an annualised CPI increase of 5.1%. Over this five-year period, the 60:40 MSCI ACWI Equal Weighted: UK Gilts composite has returned 1.1%.

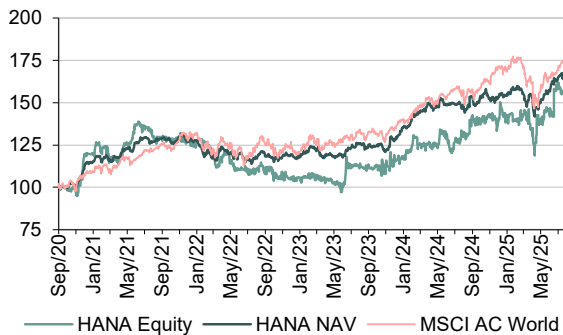
The company's performance over the past year was supported by gains across several areas of the portfolio (Exhibit 1). Its core regional and thematic sleeve returned 3.9% in the 12 months to end June 2025. Heliikon Long Short Equity Fund, a position purchased in August 2024, was among the largest contributors over the period with its Europe-focused portfolio performing particularly strongly. Several of the company's Japanese holdings, notably Simplex Value Up Trust and Arcus Japan Fund, also performed well. Emerging markets positions, particularly BlackRock Frontiers Investment Trust, strongly contributed. Positions in Polar Capital Global Technology and Polar Global Insurance Fund also supported returns, while holdings in the healthcare sector, namely RA Capital International Healthcare Fund and Worldwide Healthcare Trust, detracted as the industry continued to perform poorly.

Hansa's direct investments in global equities did exceptionally well, returning 15.6% over the year to end June 2025, especially considering this sleeve has no exposure to the 'Magnificent seven' technology stocks. Significant contributions came from Interactive Brokers, a US provider of automated broking services, and CTT Correios de Portugal, a Portuguese banking and postal conglomerate. During the year, the team added positions in [4imprint Group](#), a British distributor of promotional gifts, and Qualitas Controladora, a Mexican insurance provider.

The company's diversifying funds, which are intended to provide a source of returns when markets are more challenging, made modest gains of 1.3% over the year to end June 2025. BioPharma Credit, a specialist lender to the life science industry, and Selwood Liquid Credit, a fund that sells credit-default swap protection, notably did well, while the company's quantitative holdings detracted.

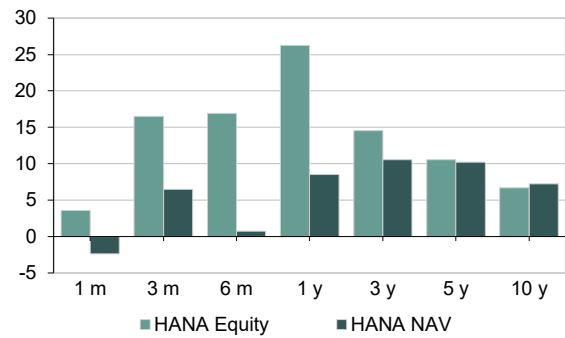
HICL's holding in OWHL performed strongly, returning 27.1% in the year to end June 2025, supported in part by its decision to dispose of its position in Wilson Sons.

Exhibit 3: HICL performance to 31 July 2025: price, NAV and index return performance over five years, rebased



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 4: HICL performance to 31 July 2025: price, NAV and index total return performance (%)



Source: LSEG Data & Analytics, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

Outlook and portfolio composition

Manager is pro US and pro equities...

Letchfield continues to have a positive view of the US economy and equity markets. He sees US consumers as the lifeblood of the economy thanks to their willingness to keep spending, while US companies are 'unparalleled' in his view, possessing an 'inherent entrepreneurship', innovation and a willingness to adapt as needed, which ensures they outperform other markets over the long term, as measured by several financial metrics, such as return on capital. Several among the so-called Magnificent seven US tech giants have created monopolies that Letchfield says are hard to breach, and more generally, he believes it is very difficult for other countries to replicate the vitality of the US market. And while he sees the rhetoric and policies of the Trump administration as potentially damaging to the economy and financial markets, he expects that it would take more than this to truly destroy the US's competitive advantage. This positive assessment of the US market, alongside the lack of stress in other global equity markets, means that HICL's manager will retain the fund's long-term overweight to equities.

...but seeking diversification to counter uncertainty

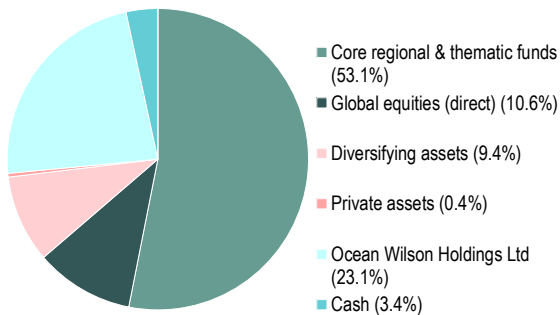
For Letchfield, high valuations, near-term uncertainties and the US's 'populist pivot' mean that 'diversification is key'. To this end, he has been diversifying the portfolio by country, style and asset class, as other areas are looking more attractive. At the country level, the manager has been increasing exposure to Japan, as well as other Asian and emerging markets.

Valuations in these markets are lower than in the US, with this lower starting point giving a larger margin of safety. The manager sees the corporate reforms underway in Japan as a major positive for this market, as they are improving capital efficiency, increasing shareholder returns and driving market gains accordingly. And in his view, emerging markets look attractive due to their relatively low debt levels and the benefits of the recent weakening in the US dollar, a key catalyst for emerging market performance.

Conversely, Letchfield remains wary of Europe, which he believes lacks all the characteristics that make the US so appealing. The region’s aversion to ‘doing business’ and Germany’s struggling manufacturing sector are key impediments. Germany’s recent defence and infrastructure spending initiatives, which comprise 11% of GDP, give the manager some cause for hope, but will not, on their own, solve Europe’s problems.

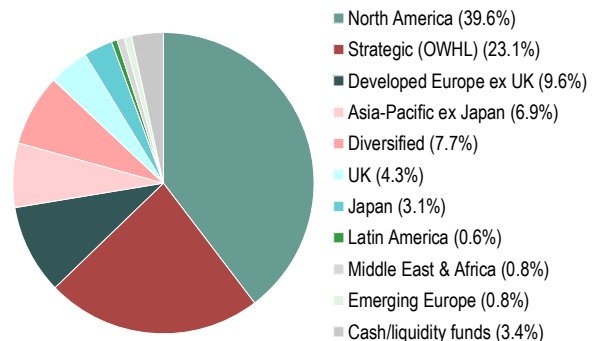
In terms of style diversification, with elevated interest rates and inflation there is still an argument for growth, but it is less compelling. With lower valuations in value stocks providing more of a margin of safety, Letchfield is increasingly blending both value and growth.

Exhibit 5: Portfolio breakdown by sleeve



Source: Hansa Investment Company, Edison Investment Research. Note: Data at 31 July 2025.

Exhibit 6: Portfolio breakdown by geography



Source: Hansa Investment Company, Edison Investment Research. Note: Data at 31 July 2025.

At the asset class level, historically, Letchfield has not considered bonds to be very attractive, but he is now seeing investment opportunities in some areas of the bond market. The higher yields now available make bonds more attractive, and are sufficient to outweigh his concerns about generally high debt levels and tight credit spreads, so he has added some exposure in this area, with the addition of two ‘excellent’ active bond fund managers. These include CQS Credit Multi Asset Fund, a global credit fund with a bias towards sub-investment grade credit. This position was opened in July 2024 and increased over the following months. Letchfield is searching for more names in this space.

The manager has also indicated that he intends to increase the portfolio’s exposure to private assets to c 20%, above the 10% exposure the portfolio will have if the combination with OWHL is completed, although this exposure may take some time to achieve.

The case studies that follow provide a flavour of the kind of investments in each of the four sleeves.

Core regional and thematic case study: Helikon Long Short Equity Fund

An investment in Helikon Long Short Equity Fund, initiated in August 2024, is one example of the recent changes that Letchfield has made to the portfolio. This position, which sits within HICL’s core regional sleeve, is a concentrated, value-driven, mainly European equity long/short strategy, focused on finding price dislocations. The fund is long-biased, with a net equity exposure that usually sits at c 70% and gross equity exposure ranging from 100% to 200%. The fund typically has about 25 long and short positions that are above 2% of NAV, with 60–70 holdings in total. It has delivered annualised net returns of 52% since its inception in 2020, with annualised volatility of 26%. The position has been a significant contributor to performance since it entered the portfolio. Letchfield particularly likes this manager because of the quality of its research into each of its investments. The team are highly experienced and have worked together for over a decade, with the strategy remaining largely unchanged over this time.

Global equity (direct) case study: Interactive Brokers

The company’s investment in Interactive Brokers was a notable contributor to returns within the global equity (direct) sleeve over the past year. The company is a multinational brokerage firm in the US that HICL’s manager believes has several key advantages over its competitors. It is the fastest-growing, lowest-cost, highest-margin broker serving both institutional and retail clients. The founder has a remarkable track record since establishing the business in 1993 and owns 75% of the company, along with other senior management, which aligns his interests closely with those of shareholders. And the company is growing rapidly, with a 31% compound annual growth rate (CAGR) since acquisition and an EPS CAGR of 24% over the past 10 years.

Diversifying case study: Nephila Iron Catastrophe Fund

Within the diversifying sleeve, one of the strongest performing positions has been Nephila Iron Catastrophe Fund. Nephila is one of the world's leading investors in insurance-linked securities, with 26 years' experience in the field. This fund specialises in catastrophe risk. Catastrophe insurance-linked securities can provide investors with attractive returns that are uncorrelated to both traditional and alternative markets. Performance was muted between 2017 and 2022 due to a significant increase in major events, particularly hurricanes, but this has led to extremely attractive pricing in the space, as capital was withdrawn while demand for insurance increased. Letchfield expects this should provide good returns going forward and help protect against losses from future events. Despite two significant hurricanes in 2024, the Nephila Iron Catastrophe Fund still returned +16% over the year.

Private assets case study: Khosla Ventures

Khosla Ventures is a leading venture capital firm founded in 2004. It invests across the tech space in areas such as enterprise/AI, fintech, medtech, sustainability and robotics. The company has a history of identifying hot new areas of tech ahead of the market and this has ensured a 'fantastic track record', according to HICL's manager. The firm's high percentage of internal capital means its interests are highly aligned with those of its investors. Letchfield says that investing in the very best managers is crucial to successful venture capital investing. Being able to access these managers is a key differentiator for HICL.

Portfolio positioning post combination with OWHL

HICL and OWHL have very complementary portfolios, which means that combining them will not involve significant asset turnover. The holdings in the core regional and thematic and diversifying sleeves are very similar, while OWHL's private asset exposure will give HICL immediate access to a mature portfolio. HICL's global equity (direct) sleeve will remain unchanged as OWHL does not have direct equity investments.

Immediately after the combination it is anticipated that the core regional and thematic holdings will comprise 42% of the portfolio, compared to 53% before the transaction, while diversifying assets will drop from 9% to 8%. The fund's global equity (direct) investments will decline from 9% to 5% of the portfolio. The two most significant portfolio changes will be the increase in private equity exposure mentioned above, which will rise from <1% to 10%, while HICL's cash holdings will rise from 3% to 35%. This high level of cash is the result of the sale of Wilson Sons.

As a long-term investor, HICL's default position is to be fully invested, and it is Letchfield's intention to invest the cash position progressively, effectively averaging into the market, while also reserving the right to take advantage of any market weakness. HICL intends to have a longer-term asset allocation of 61% in core regional and thematic funds, 20% in private assets, 10% in diversifying assets and 7% in global equities (direct) with the balance of c 2% in cash.

Peer group comparison

In Exhibit 7 we present HICL alongside a peer group drawn from the AIC Global and AIC Flexible Investment sectors. The company's (now historical) strategic stake in OWHL means it is difficult to draw direct comparisons with the performance of other funds, but the selected peers also broadly invest globally in a range of underlying strategies. Nonetheless, it is worth noting that HICL's relative performance has been improving in recent years. Its performance ranking has shifted from fifth out of seven funds over 10 years, to fourth over five years and second over three- and one-year periods.

HICL's ongoing charge, at 1.1%, is the second highest among the peer group. However, this is expected to decline over time due to the combined effects of cost efficiencies arising from the combination and a new, lower tiered management fee (see details below). The company's dividend yield is below the average for the peer group and it has no gearing at the fund level, consistent with the average of its peers.

The most notable aspect of Exhibit 7 is the wide discount at which both share classes trade relative to the company's NAV. The only other peer with a discount close to HICL's is Caledonia Investments, which has a significant allocation to private equity, and as such tends to trade on a discount more in line with those of other private equity funds. The following section discusses why HICL's discount has been narrowing and why it may continue to do so.

Exhibit 7: Selected peer group performance at 31 July 2025* (% unless stated)

Group/Investment	Latest market capitalisation	1-year NAV TR (cumulative)	3-year NAV TR (cumulative)	5-year NAV TR (cumulative)	10-year NAV TR (cumulative)	Latest Ongoing Charge Ex Perf Fee	Performance Fee	Latest Discount (Cum Fair)	Latest Net Gearing (Ex Par)	Income Only Yield (Price) - UK
Hansa Investment Company Ltd 'A' Class A	216.0	8.5	35.3	62.9	93.7	1.1	No	(35.0)	97	1.2
Hansa Investment Company Ltd Ord	108.4	8.5	35.3	62.9	94.3	1.1	No	(40.4)	97	1.2
AVI Global Trust Ord	1,078.9	8.7	39.6	98.8	194.7	0.9	No	(6.8)	110	1.3
Caledonia Investments Ord	1,922.7	3.9	17.2	85.6	147.8	2.1	No	(35.4)	95	2.0
Capital Gearing Ord	815.4	3.9	3.9	22.7	70.6	0.6	No	(2.0)	98	2.1
RIT Capital Partners Ord	2,721.2	9.2	12.9	52.5	106.7	0.8	No	(28.5)	105	1.8
Ruffer Investment Company	848.0	3.5	4.3	26.2	51.1	1.1	No	(4.2)	95	1.8
Witan Ord	1,579.8					0.8	Yes	(7.4)	89	0.0
Simple average	1,161.3	6.6	21.2	58.8	108.4	1.0		(19.9)	98	1.6
Rank	7	4	2	4	5	2		6	4	6

Source: Morningstar, Edison Investment Research. Note: *Performance to 31 July 2025 based on cum-fair NAV. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets (100=ungeared).

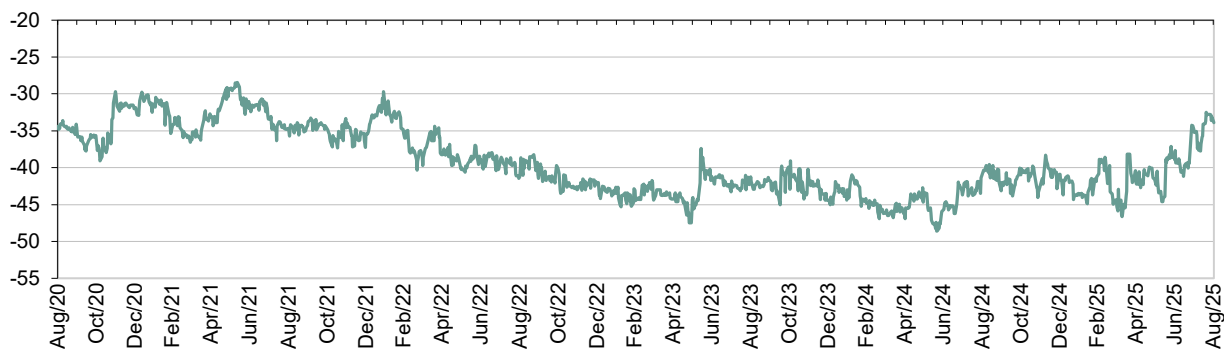
Discount is narrowing, but still offers value

Historically, HICL has traded at a 'double discount' of around 50%. Its shares have traded at a discount of 35–45% over most of the past decade for a number of reasons, one of which was investors' caution about the fund's indirect, illiquid exposure to Brazil through Wilson Sons (Exhibit 8), as mentioned above. OWHL has also traded at a hefty discount over the past five years or more for the same reason, and HICL's c 26% holding in OWHL implies a further discount of around 10% in HICL shares, adding to the total 'double discount'.

HICL's discount has narrowed since the news of the disposal of Wilson Sons, in part as a result of the tightening in OWHL's discount. News of HICL's combination with OWHL has also been welcomed by the market and will completely remove the OWHL discount. The company's share price is now trading at its highest level in more than five years.

If the combination is completed, the structure of HICL will be simplified by the removal of the strategic holding in OWHL, it will no longer have an outsized exposure to Brazil, and it will have a competitive, tiered management fee. There is also potential share price support provided by the fund's new capital allocation policy. Although any further narrowing is uncertain and difficult to quantify, in our view, HICL's current wide discount nonetheless offers investors the chance to access a portfolio of stocks and unique, quality funds, including private equity, plus defensive assets, at a very attractive level.

Exhibit 8: Share price discount to NAV (including income) over five years (%)



Source: LSEG data & Analytics, Edison Investment Research

Dividend policy

HICL is a long-term investor and, as such, the manager believes that it is better to have capital remain in the fund, so returns can compound over many years. HICL's dividend policy therefore aims to maintain the dividend at 3.2p until it is fully covered by net revenue income, and then only increase it in line with any increase in the net revenue income of the company. Dividends for the forthcoming year are announced at the beginning of the year and paid in four equal dividends. The total dividend for the financial year ended 31 March 2025 was 3.2p, and the dividend for the current financial year is expected to remain at the same level.

If the combination completes, HICL is proposing a new capital allocation policy whereby the company will implement on-market share buybacks to repurchase between 2% and 4% of its issued share capital annually, with dividends paid only to the extent necessary. The company believes this will be highly accretive to shareholders.

Investment process: An all-weather portfolio of funds and equities

HICL aims to adapt to changing market conditions by blending higher-risk assets with more defensive investments. The current portfolio structure was progressively implemented following the strategic review in March 2014 by Alec Letchfield, who is a partner and chief investment officer of HICL's portfolio manager, Hansa Capital Partners. Letchfield began his career at HSBC and has more than 30 years' experience in managing multi-asset and equity portfolios for both private clients and institutional investors. He assumed his current role in 2013.

Letchfield classifies the portfolio into four sleeves: core regional and thematic funds; direct global equities (managed by Rob Royle, who has more than 20 years' experience in managing global equities); diversifying assets; and private assets.

Aside from the holdings in direct global equities, Letchfield invests in best-in-class third-party managers that have robust, repeatable investment processes and a strong alignment of interests with their investors. These funds are often not available to or widely owned by retail investors, but Letchfield and his team have built relationships with these managers over many years and believe that their connections to this network are one of HICL's unique selling points. The core regional and thematic sleeve comprises country and sector specific funds, while the diversifying sleeve has principally contained hedge funds designed to offer downside protection in times of market stress, combined with bond exposure.

Regional and asset class allocations across the portfolio are determined by the top-down views of Hansa Capital Partners' asset allocation committee. Within this framework, individual fund and equity investments are chosen on a bottom-up basis as a result of fundamental analysis and detailed due diligence. For the global equity portfolio, Royle looks for cash-generative businesses with improving prospects that are not reflected in their current share prices. Letchfield's fund selections are also biased towards equities (which he believes provide the best return over the long term), although the diversifying sleeve contains investments in credit and hedge funds (which themselves may be equity-based or focused on other assets or strategies).

The manager views risk from the perspective of permanent loss of capital, rather than short-term volatility, which he views as inconsequential for long-term investors and simply serves to create investment opportunities.

ESG issues are at the heart of the investment process

Hansa Capital Partners is committed to integrating environmental, social and governance (ESG) considerations into all investment processes and ownership practices. Its ESG policy is grounded in the belief that responsible investing helps manage risks, enhances long-term financial performance, and contributes positively to society. The policy was developed by Letchfield, with input from the entire team, and is applied across all funds and direct investments in both public and private markets. Engagement and stewardship are core tenets of the policy, which is focused not just on outcomes and positive change, but also on a company's intentions and progress toward sustainability.

Environmental factors are defined as issues related to the natural environment, including climate change mitigation. The manager believes that there is a collective duty to act urgently on environmental issues. Social factors encompass the rights and well-being of employees, and community engagement, with an emphasis on dignity, equality and employee development. Governance factors cover board quality, corporate strategy and ethical behaviour, recognising that strong governance is essential to a business's long-term success. Hansa Capital Partners is a signatory to the UN Principles for Responsible Investment (UN PRI).

While the policy does not categorically exclude investments in certain sectors or regions (eg oil and gas or China) and HICL does not position itself as an ESG-only fund, it expects managers and companies to articulate how they handle ESG risks in those areas. Existing investments that persistently fall short of expectations on ESG issues may be reduced or exited.

Transparency and reporting are also central. The management team is committed to sharing information on ESG practices and progress, including participating in the annual PRI reporting cycle and producing thought leadership materials. Voting is conducted actively without reliance on third-party providers and voting decisions are documented and used to influence governance practices. Hansa reviews its policies regularly to align with evolving regulations and industry standards.

Overall, Letchfield believes that Hansa's responsible investment policy reflects its ambition to be a long-term steward of capital, using ESG considerations to create sustainable value for clients and contribute positively to broader societal goals.

Capital structure and fees

HICL (previously Hansa Trust until its redomiciliation to Bermuda in 2019) adopts a family office approach to preserving and growing capital over the long term. The Salomon family are majority owners of HICL's 40m voting ordinary shares. They also own some of the company's 80m non-voting A-shares. William Salomon is the chairman of HICL's alternative investment fund manager, Hanseatic Asset Management LBG, and he is also a director of HICL. Hansa Capital Partners acts as investment advisors to Hanseatic, and, in addition, provide administrative services to HICL.

Under the terms of the potential combination with OWHL, which is expected to be finalised in mid-September 2025, subject to shareholder approval, eligible OWHL shareholders will, in aggregate, receive 28,264,460 new ordinary shares, and 56,528,920 new A-shares, and immediately following the completion, OWHL shareholders will hold 41.4% and existing HICL shareholders will hold c 58.6% respectively of both the issued voting share capital and the issued non-voting share capital of the combined group.

HICL's board has the authority to repurchase up to 14.99% of the company's shares each year in order to help manage a discount to NAV. In addition, the board will, if the combination is approved, introduce a new capital allocation policy that is expected to enhance returns over time, mainly through the implementation of annual on-market share buybacks of between 2% and 4% of its issued share capital. This policy would prioritise share repurchases over dividends. HICL's board believes this to be a more efficient approach to capital allocation, as it will be accretive to shareholder returns compared to returning value to shareholders via dividend payments.

In determining the timing and amount of any shares repurchased under the capital allocation policy, the board will have regard to the prevailing discount to NAV at which the shares trade, the market environment, management views on the outlook for the portfolio and the commitments expected to be drawn in respect of the HICL's interests in private asset funds and limited partnerships over the next 12 months, with a view to maximising shareholder returns.

Gearing is available via a £30m unsecured lending facility through its custodian, Banque Lombard Odier & Cie SA (Lombard Odier), subject to there being sufficient value and diversity within the portfolio to meet the lender's borrowing requirements. The portfolio manager is able to utilise this facility as required up to the upper limit available. Gearing, represented by borrowings, will not exceed 25% of the company's net asset value, calculated at the time of draw down. The purpose of the borrowing facility is to give the manager flexibility over the timing of investments, rather than to increase market exposure on an ongoing basis. No amounts were drawn from this facility during the financial year ended 31 March 2025. HICL had a small net cash position (2.7%) at 30 June 2025.

A new tiered investment management fee structure will take effect following the proposed combination with OWHL. The revised fees will be at a reduced rate of 0.8% of NAV up to £500m and 0.7% of NAV thereafter, compared to the existing management fee of 1.0%. A combination of cost efficiencies from the increased scale of the company and the lower blended management fee rate will see the ongoing charge ratio decline to 0.75% from its current level of 1.0%.

Board

If the proposed combination with OWHL is approved there will be seven directors on HICL's board, five of whom are considered independent of the manager. Jonathan Davie became chair of HICL in 2019, having served on the board of HICL's precursor, Hansa Trust, since 2013. Andrey Berzins will become a director of the company if the proposed combination with OWHL is completed, where he has been the senior independent non-executive director since 2014. Simona Heidempergher and Richard Lightowler became directors in June 2019 and Pedro Goncalves joined the board in February 2025. William Salomon was appointed in 1999 and is deemed non-independent owing to his roles as senior partner of Hansa Capital Partners, investment manager to the company. He is deputy chairman of Ocean Wilsons Holdings and was a director of Wilson Sons prior to its disposal. William holds a significant longstanding investment in the company. Christopher Townsend will become a director of HICL if the proposed combination with OWHL is completed. He is deemed non-independent as he has been a non-independent director of OWHL since 2012. He has a significant longstanding investment in the company. William Salomon's and Christopher Townsend's significant longstanding investment in the company means they are highly aligned with the interests of shareholders.

The directors have professional backgrounds in investment management, banking, accountancy, insurance, the law and regulatory agencies.

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