



Palm Harbour Global Value Fund Manager Review – January 2026

This document provides a comprehensive review of the Palm Harbour Global Value Fund, drawing on fund factsheets, supporting fund material, podcast with Downing, and due-diligence responses to assess the strategy, philosophy, performance and role within a diversified portfolio.

Strategy and Objective

The Palm Harbour Global Value Fund is an unconstrained, high-conviction global equity strategy focused on delivering long-term capital appreciation through patient ownership of undervalued businesses.

The fund's objective is not to track markets or deliver short-term relative returns, but to compound capital over long periods by investing in companies trading at a meaningful discount to their intrinsic value. This is explicitly an accumulation strategy, designed for investors with a long-time horizon who can tolerate periods of divergence from mainstream indices.

The fund is benchmark-agnostic, reflecting the manager's belief that meaningful long-term outperformance requires being willing to look very different from the market.

Investment Philosophy & Edge

Palm Harbour is rooted firmly in traditional value investing, but with a modern application that reflects behavioural finance, market structure and institutional constraints.

Investment Philosophy

Rigorous Analysis + Variant Perception + Patience

Our Approach	The Majority of the Market
Value Investing Philosophy – buying securities with a margin of safety	Speculation (many guises) – buying securities hoping someone else buys at a higher price
Long-time horizon – understand the long-term micro-economics of the business as “owners”	Short-time horizon – “get rich quick mentality”
Intense primary-research driven	Minimal (if any) research : rely on others to do the work for them
Disciplined approach – from search strategy, Research process/checklist to portfolio construction and exit	Often extremes of behavioural biases from highly emotional to completely mechanical without judgment
Concentrated portfolio – well-researched and high conviction ideas	Highly Diversified – large numbers of mediocre ideas or “hold the market / benchmark” mentality
Flexible mandate – exploit opportunities as they are identified	Constrained mandates – limited universe
Small size – focus on performance	Desire to be large – focus on AUM growth – despite dis-economies of scale in investing
Absolute return focus – preservation of capital paramount	Relative return focus – career risk paramount
Skin in the game – The majority of Peter’s networth, all employees and Mr. Paramés are invested in the fund	Other people’s money – Little or no personal investment



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Several core beliefs repeatedly came through during the podcast discussion and subsequent conversations:

- Long-term patient compounding works
- Speculation is the enemy of capital preservation
- Good businesses matter more than stories
- Margin of safety is non-negotiable
- Invest like a business owner, not a trader
- Short-term noise is to be ignored
- Assumptions must be challenged, not accepted
- Investments should allow you to “sleep well at night”
- Being different is a necessity, not a risk
- Alignment matters – the manager invests his own capital alongside clients

The manager views volatility not as risk, but as a source of opportunity, provided the underlying business fundamentals remain intact. True risk, in this framework, is the permanent loss of capital, not short-term price movements.

This philosophy naturally leads to portfolios that can look uncomfortable in the short term but are designed to be resilient and rewarding over a full market cycle.

Team and Resources

The fund is managed by Peter Smith, Managing Partner at Palm Harbour Capital, supported by a small, highly focused research team.

Peter's background, discussed in depth during the podcast, is central to understanding the strategy:

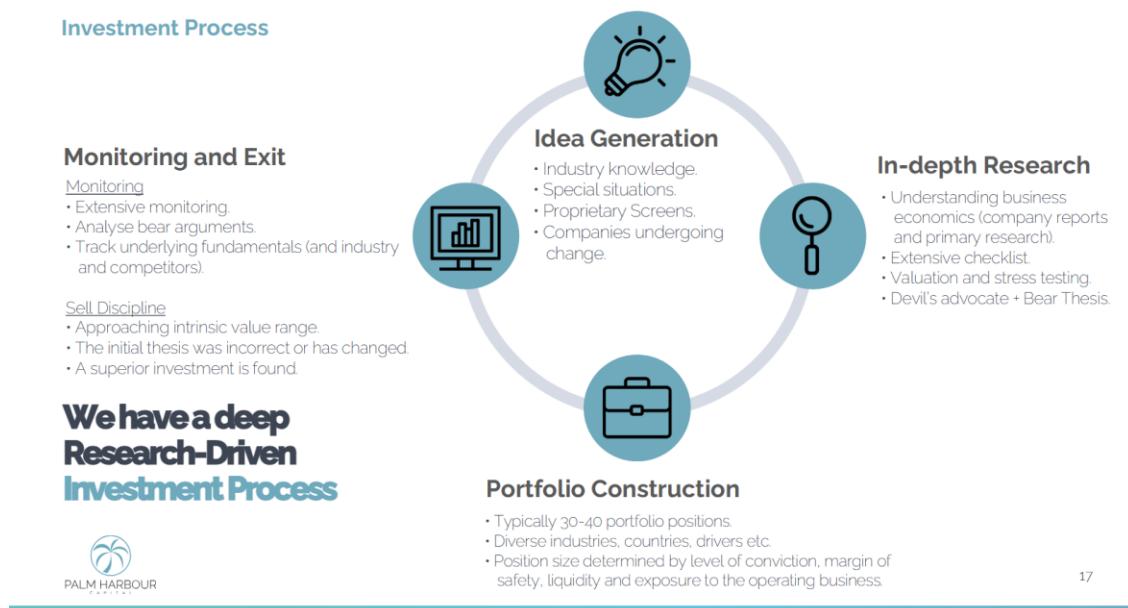
- A long-standing commitment to value investing shaped by early exposure to market cycles
- Experience working closely with highly disciplined value investors
- A strong preference for deep fundamental research over macro forecasting or momentum signals

Importantly, the manager has significant personal capital invested in the fund, reinforcing alignment with investors and reinforcing a business-owner mindset rather than an asset-gathering mentality.

The team structure is deliberately lean, reflecting the belief that conviction investing benefits from clarity of responsibility rather than committee-driven compromise.

Investment Process

Palm Harbour follows a bottom-up, research-intensive investment process, with no reference to benchmarks or sector weights.



The process can be summarised in four broad stages:

1. Idea Generation

Opportunities typically arise from:

- Unloved or misunderstood companies
- Special situations (spin-offs, restructurings, balance-sheet repair)
- Cyclical dislocations
- Areas avoided by large institutional investors

The team is deliberately sceptical of crowded trades and fashionable narratives.

2. Fundamental Research

Each potential investment is analysed from the perspective of a long-term owner:

- Business model durability
- Competitive position and barriers to entry
- Quality of management and capital allocation
- Balance sheet strength
- Free cash flow generation
- Downside risks and worst-case scenarios

A strong emphasis is placed on challenging assumptions, including the manager's own biases.

3. Valuation and Margin of Safety

Valuation discipline is central. The fund seeks to buy businesses only when there is a clear margin of safety between price and intrinsic value.

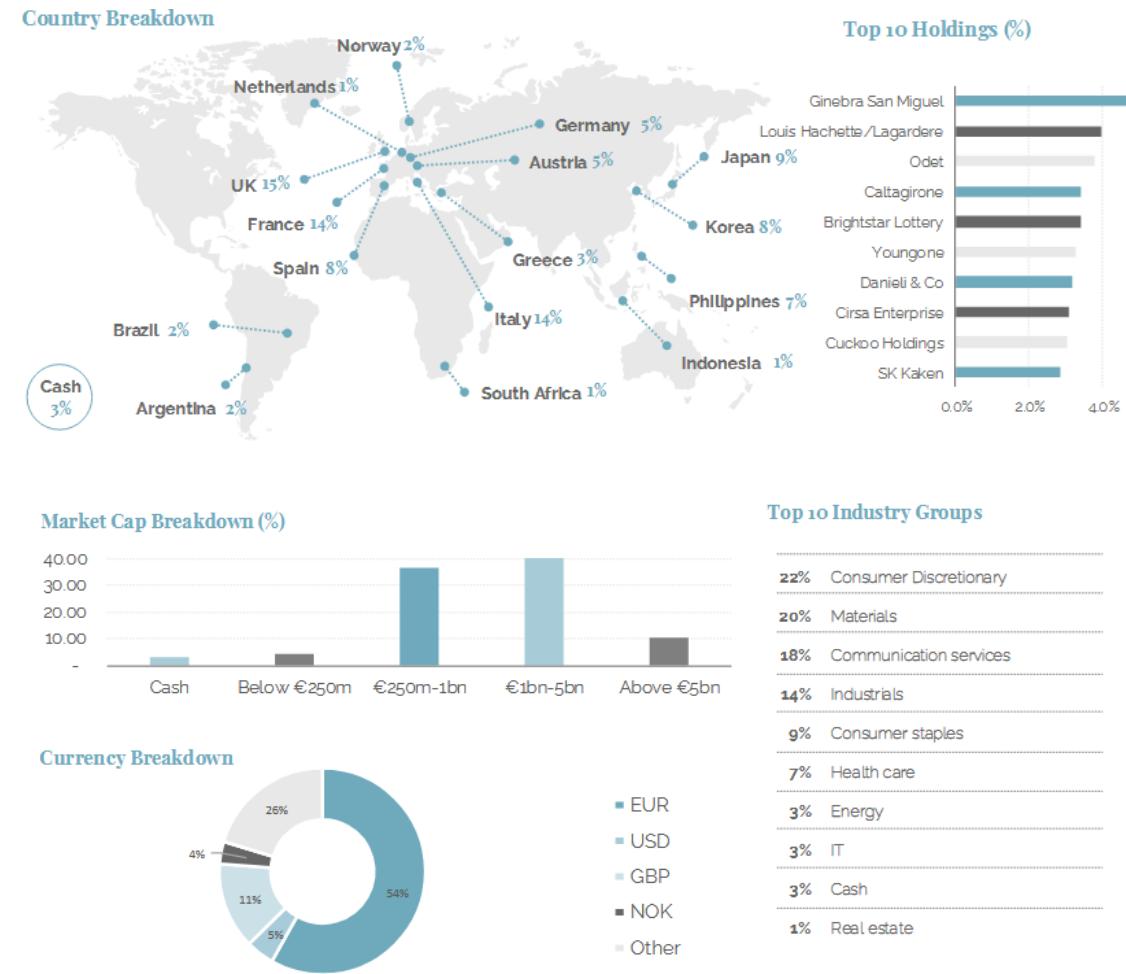
Growth is welcomed but never paid for at any price. The manager repeatedly emphasised that many investors overpay for growth, confusing optimism with investment discipline.

4. Portfolio Construction and Monitoring

- Typically 30–40 holdings
- Core positions supplemented by smaller, higher-risk or more complex ideas
- Position sizing reflects conviction, balance-sheet risk and downside exposure
- Holdings are monitored continuously against the original investment thesis

Exits occur when valuation targets are reached, the thesis changes, or a superior opportunity emerges.

Portfolio Characteristics

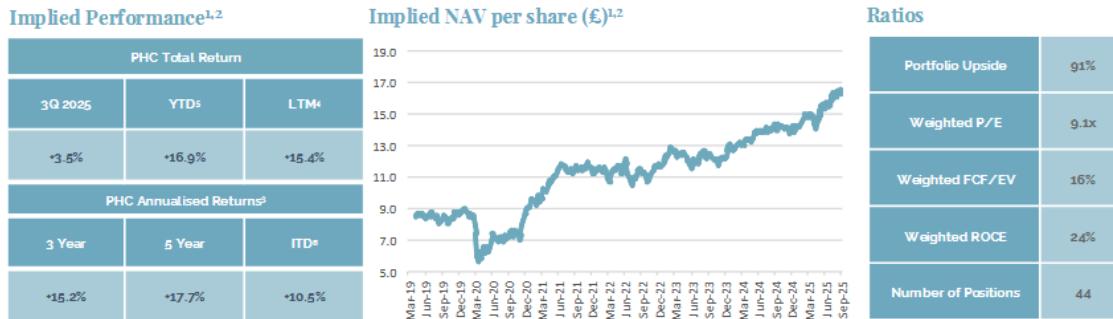


- Global equity exposure with a bias towards small and mid-capitalisation companies
- Often meaningfully different from mainstream global equity indices
- Willingness to invest across regions, including Europe, parts of Asia and selective emerging markets, where valuation and governance standards are acceptable
- No requirement to maintain exposure to any country, sector or theme
- Cash may be held opportunistically when attractive opportunities are scarce

The portfolio reflects the manager's preference for business economics over macro predictions.

Performance Overview

Performance has been consistent with the fund's philosophy: periods of strong absolute returns interspersed with phases of relative underperformance when value investing is out of favour.



The manager is explicit that:

- Short-term relative performance is not a target
- Periods of underperformance are expected and accepted
- Long-term compounding is the true measure of success

This makes the fund unsuitable for investors seeking smooth, index-like returns, but potentially attractive for those willing to remain patient through market cycles.

Strengths

- Strong philosophical clarity and consistency
- Genuine long-term, owner-led mindset
- High alignment through manager co-investment
- Valuation discipline and margin of safety focus
- Willingness to be meaningfully different from benchmarks
- Deep fundamental research rather than reliance on narratives or momentum

Key Risks & Considerations

- Extended periods of underperformance relative to growth-led indices are possible
- Concentrated portfolio increases stock-specific risk
- Value investing cycles can be long and uncomfortable
- Smaller companies may introduce liquidity risk in stressed markets
- Requires investor patience and behavioural discipline

This is not a strategy designed for investors who monitor portfolios frequently or struggle with volatility.

Role in a Portfolio

The Palm Harbour Global Value Fund is best viewed as:

- A long-term accumulation holding
- A diversifier to growth-heavy or benchmark-aware portfolios
- A core or satellite allocation for investors who believe in valuation-led investing

It is not designed to provide natural income or support short-term spending needs, making it more suitable for pre-retirement or long-horizon investors.

Points of Difference

- No benchmark and no desire to resemble one
- Explicit rejection of speculation and short-termism
- Strong behavioural awareness embedded in the process
- Genuine alignment through personal investment
- Focus on “sleep-well-at-night” investing rather than narrative-driven returns

Money Wise UK Summary View

Palm Harbour Global Value Fund stands out as a thoughtful, conviction-led accumulation strategy built around patience, valuation discipline and behavioural awareness.

What came through most clearly from the podcast and discussions was not a desire to outsmart markets in the short term, but a commitment to avoiding big mistakes, owning good businesses at sensible prices, and allowing time to do the heavy lifting.

This will not suit everyone. It demands patience, trust in the process and a tolerance for being out of step with markets at times. However, for investors who genuinely believe in long-term compounding and want exposure to a manager who thinks and behaves like a business owner, Palm Harbour offers a differentiated and authentic proposition.

Disclaimer

Past performance is not a reliable guide to future results. The value of investments can fall as well as rise, and investors may not get back the amount originally invested.

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Review Completed: January 2026