

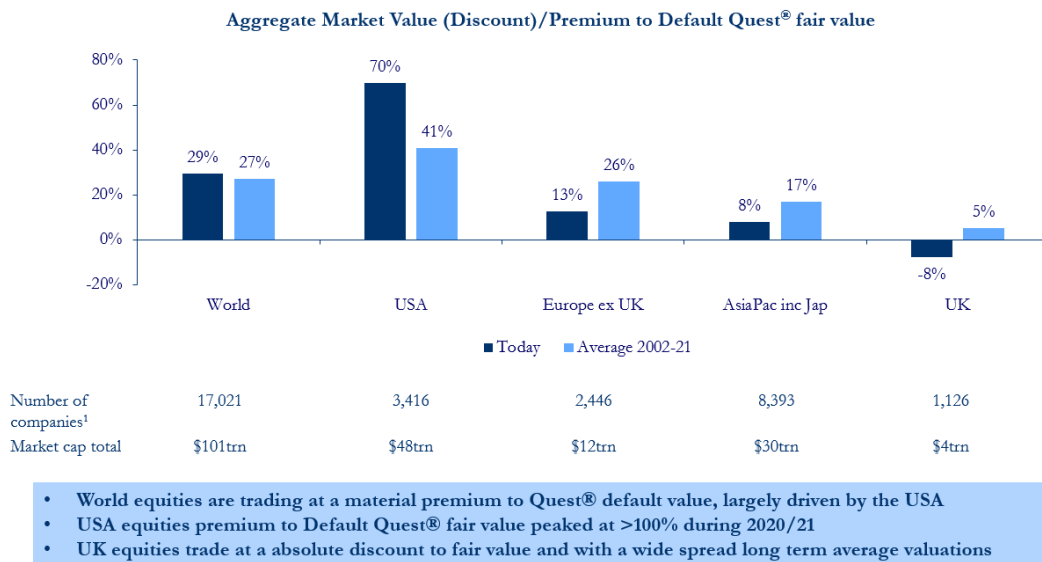
OIT portfolio managers Stuart Widdowson and Ed Wielechowski recently met with the Canaccord Quest team to look at new ideas. They were encouraged to see many of OIT's portfolio companies feature in positive buy screens.

It was not a great surprise to them that UK Equities were attractively valued compared with other global equities.

A full slide deck can be accessed [HERE](#) which includes an explanation of Quest for those not familiar with the independent cash flow based valuation service.

## UK Equities appear attractive globally


US Equities' premium to Quest® default value has increased progressive since 2012

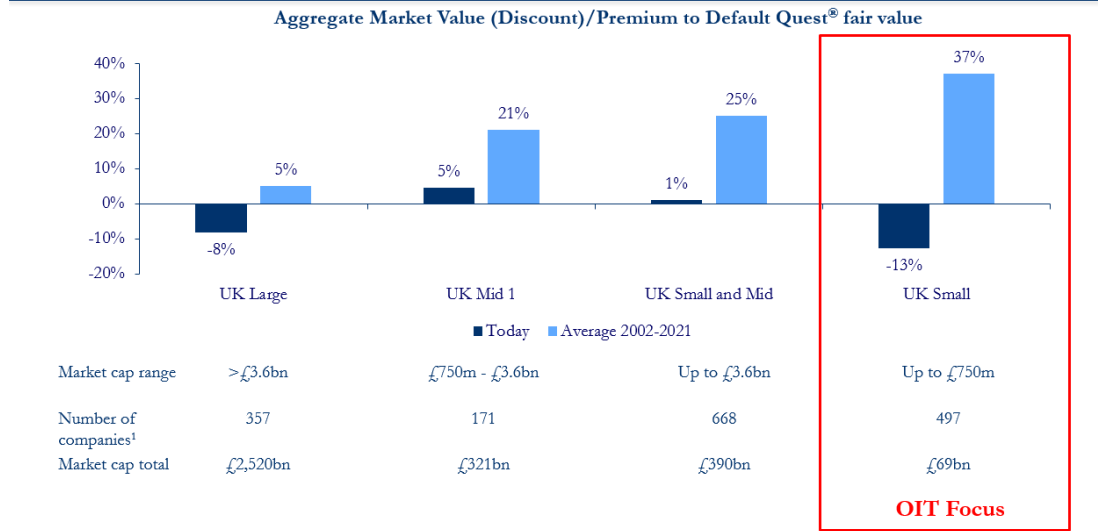


Source: Canaccord Quest® as at 8th February 2022. Odyssean Capital. <sup>1</sup> Only includes UK quoted companies where there is at least one broker forecast. Mid values are implied. Past performance is no guarantee of future performance and the value of investments can go up and down.

The data which took their attention was that UK small companies (<£750m market cap) which in aggregate are trading at a discount to their Default Quest fair value for the first time in the last 20 years and at a discount to the Default Quest fair value for UK large caps for the first time in the last 20 years.

## Within UK Equities, UK Small Companies appear most mispriced

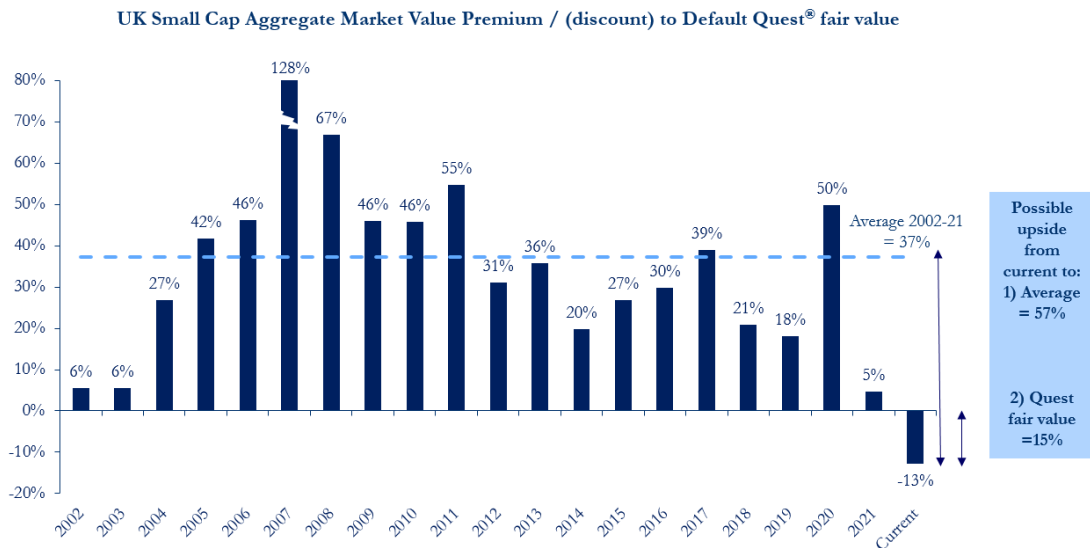
Data implies only Mid cap equities are trading at a premium to Quest® fair value 



- OIT's investment focus appears to be on the most undervalued section of UK equities

Source: Casaccord Quest® as at 7th February 2022. Odyssean Capital. <sup>1</sup> Only includes UK quoted companies where there is at least one broker forecast. Mid values are implied. Past performance is no guarantee of future performance and the value of investments can go up and down.

Aggregate value of UK Small Companies <£750m market cap  
Very unusually trading at a discount to Quest® (unadjusted) fair value



Source: Data from Quest® as at 8<sup>th</sup> February 2022.

Interestingly UK mid-caps are trading at a premium, but lower than long term averages.

Stuart and Ed see a lot of valuation polarisation in their investment universe of £100m-£1,000m. Many UK small and mid-cap growth stocks appear to them to still be expensive even after the de-ratings year-to-date; especially those quoted on AIM.

In comparison, they see many of the OIT portfolio companies looking good absolute value. Whilst there may be short-term volatility, they remain optimistic for medium to long-term NAV per share growth, enabled by valuation anomalies and self-help & recovery driving earnings.

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