

Trade Idea Case Study: Packaging Sector

In 2023, we increased exposures in packaging capitalising on attractive valuations, favouring metal, paper, and flexible plastics, whilst avoiding glass and rigid plastics due to sustainability factors

PACKAGING INDUSTRY CYCLE TIMELINE

Oversupply Period

- An abrupt oversupply emerged as pandemic-era inventories were worked down through widespread destocking. Volumes and sentiment weakened, compressing valuations, although underlying fundamentals remained resilient and created selective opportunities.

Recovery Period

- The recovery phase began in 2024, tightening materially in 2025. Inventories normalised, utilisation improved, and cost inflation moderated. Supply-demand became more supportive, stabilising EBITDA, cash flows, and bond valuations.

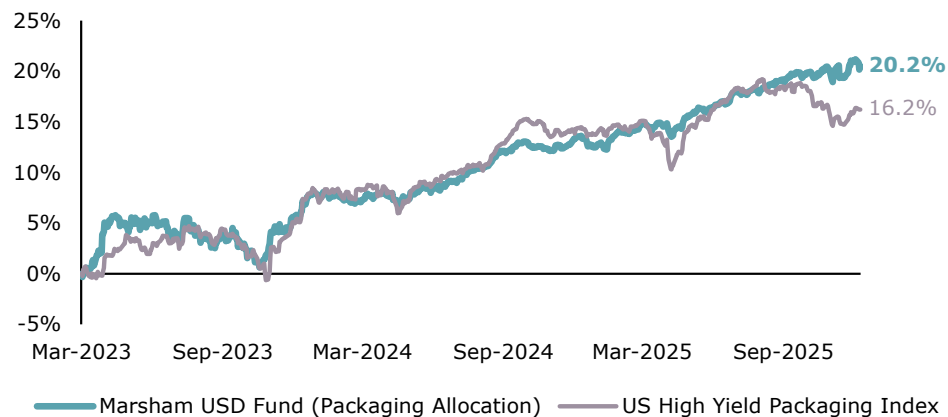
Projected Full Recovery

- Consensus expects full market normalisation in 2026. Longer term, metal packaging continues to gain share from less environmentally friendly substrates, supporting structural demand.

OUTLOOK

- Our holdings outperformed the packaging index through disciplined security selection focussed on modelling capital structures and cash flow durability, capitalising on mispricing as the sector moved from dislocation to recovery.
- Metal, paper, and flexible plastic packaging have proven successful as demand recovered and companies focussed on deleveraging, supported by sustainability considerations. In contrast, glass and rigid plastic issuers has since underperformed, with several facing distress and bankruptcies.
- For now, the packaging trade has limited further upside given valuations reflect much of the recovery. As such, we decided to exit our positions in H2 2025 to lock in gains.
- Despite valuation constraints, we continue actively monitoring the sector for re-entry opportunities – especially in names that benefit from sustainability tailwinds like recycling, lightweighting, and circularity.

MARSHAM USD FUND'S PACKAGING HOLDINGS VS. PACKAGING INDEX



Marsham USD Fund (Packaging Allocation) represents the USD Fund's packaging holdings in isolation during the holding period.

PACKAGING TRADE EXAMPLES

Bond	Currency	Purchase Date	Purchase Price	Sell Date	Sale Price	Total Return
GPB 3 1/2 03/15/28	USD	01/03/23	88.2	28/04/25	94.0	15.1%
CCK 4 3/4 02/01/26	USD	16/10/23	95.9	15/06/25	100.0	12.6%
SEE 4 12/01/27	USD	19/07/24	95.3	19/09/25	98.2	7.9%
GPB 6 3/8 07/15/32	USD	15/10/24	102.3	10/12/25	100.4	5.3%
SEE 6 1/2 07/15/32	USD	15/10/24	102.3	10/11/25	103.1	7.6%

Source: Bloomberg. Daily data from 1 March 2023 through 10 December 2025. US High Yield Packaging Index = Bloomberg High Yield Packaging Total Return Index Unhedged USD (I00434US Index).