

# DECEMBER 2021

## MONTHLY FACTSHEET

at last valuation point in December 2021 unless otherwise stated



### MANAGER COMMENTARY

The Bank of England's MPC finally increased interest rates by 15 basis points to 0.25% in December - the first increase since before Covid-19 - amid further signs of inflationary pressures gaining traction in the economy. Surging gas prices, as well as labour and material shortages, coupled with supply chain bottlenecks and the repeated closing and reopening of the economy are presenting real challenges. Markets are generally anticipating a further three interest rate increases in 2022 to the c.1% level last seen in February 2009.

In the US the Federal Reserve decided to leave interest rates unchanged until the economy has fully weathered the effects of Covid-19. However, it did announce an intention to accelerate the taper of its bond buying programme. The move will reduce liquidity in the financial system more quickly than previously indicated, and the Fed will eventually eliminate its bond purchases in the near term. They said, "We will use our tools both to support the economy and strong labour market and to prevent higher inflation from becoming entrenched."

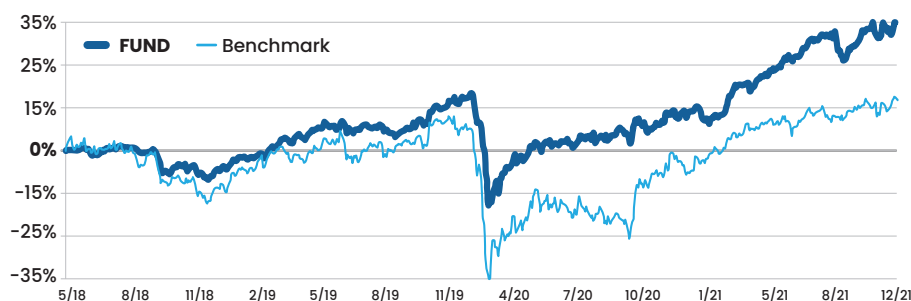
### COMPANY NEWS

**Ashtead** - supply of rental equipment - updated investors with interims for the 6 months ending 30th Sept 2021. Revenue increased 20%, profit rose by 18% and the dividend was up 28%. On a medium-term view we think the shares offer good value when you consider the backdrop of structural tailwinds, the quality of management, and their ability to execute on a well-crafted organic and bolt-on M&A growth strategy as outlined at their capital market's day in April.

We have held Ashtead since the Fund's launch and continue to think there is substantial opportunity ahead given the increasing attraction of renting rather than buying equipment. Brendan Horgan, Ashtead's relatively new CEO, was presenting at 0400hrs US time and we believe him to be a very capable and knowledgeable CEO, especially given the 25 years he has already spent working at the Company. We think this is absolutely critical when thinking about strategy and capital allocation particularly given the cyclical nature of some of their end markets and structural growth drivers that provide very compelling tailwinds for the business. Similarly, Michael Platt, the CFO, has been at Ashtead for 18 years, went through the GFC (which was a big learning curve for the board) and is well placed to drive future capital allocation decision making to drive growth built around the group's 3.0 programme.

*Company News continued overleaf*

### PERFORMANCE SINCE LAUNCH (%)



### CUMULATIVE PERFORMANCE

	YTD	3 MTHS	6 MTHS	1 YR	3YR	LAUNCH
<b>FUND</b>	-	<b>6.42</b>	<b>11.34</b>	<b>27.74</b>	<b>54.64</b>	<b>40.51</b>
<b>Benchmark</b>	-	3.64	5.97	18.02	25.47	11.02
IA Sector	-	2.13	4.89	17.25	34.71	16.67
Rank in sector	-	2/257	2/256	10/250	31/241	13/237
Quartile	-	1	1	1	1	1

### INVESTOR PROFILE

The fund may appeal to investors who:

- Plan to hold their investment for the long-term
- Are prepared to accept the risks associated with the volatile nature of equity related investments
- Want total return through a blend of capital and income growth

### KEY DETAILS

Acc single price	140.51p
Inc single price	131.06p
Benchmark	CBOE UK All Companies
IA Sector	UK All Companies
Launch Date	14 May 2018
Holdings	35
Prospective yield	2.2%
Div ex dates	1/5 & 1/11
Div pay dates	30/6 & 31/12
Fund Value	£13.4 million

### TOP 15 HOLDINGS %

DIPLOMA	4.7%
ASSTEAD	4.3%
DECHRA PHARMACEUTICALS	4.0%
RELX	3.9%
ALPHABET	3.8%
MICROSOFT	3.7%
DIAGEO	3.7%
JD SPORTS	3.7%
UNILEVER	3.4%
SAVILLS	3.3%
POLAR CAPITAL	3.2%
DISCOVERIE	3.1%
CRODA	3.0%
EXPERIAN	3.0%
SPIRAX SARCO ENGINEERING	2.8%
<b>TOTAL</b>	<b>53.5</b>

### GEOGRAPHICAL BREAKDOWN %

UK	74.8%
USA	12.4%
Europe	4.7%
Cash	8.1%
<b>TOTAL</b>	<b>100%</b>

Total Return, Bid to Bid, Tax UK Net, Sterling Terms. Source: T. Bailey Fund Services Limited/Financial Express Analytics. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

**Ferguson** – distributor of plumbing and heating products to professional contractors and consumers – reported solid trading for Q1 2022. Revenue was up 26%, profit rose by 58% and the operating profit margin was up 230 basis points to 11.3% due to effective management of price inflation and good cost control. Net debt remains modest at 0.6x to EBITDA and they have executed c.\$100m of the \$1bn share buy-back programme. Looking forward and post the disposal of the small UK business in early 2021 – subscale and underperforming – management has the depth and breadth to gain market share and drive strong cash flow growth.

Both businesses have similar characteristics in that c.90% of their business is conducted in the US/Canada, they are very customer focused, and both have a comparable strategic adoption of digital technology to drive efficiencies throughout their operations. Furthermore, they are both high quality companies and critically have long serving management with fragmented end markets. It is no coincidence that the current Chairman of Ferguson – Geoff Drabble – was the CEO of Ashtead from 2008 until 2020. In short, they are both high quality businesses that have the potential to be substantially larger over the medium to long-term.



**MICHAEL FOSTER**  
Lead Portfolio Manager

Michael launched the Ocean UK Equity Fund in May 2018. He has a degree in History of Art from the University of East Anglia and holds the Investment Management Certificate. He has managed private investments for the last 7 years.



**JAMES HARRISON**  
Co-manager

James joined the Ocean UK Equity Fund at launch in May 2018. He is a Chartered Fellow of the Securities Institute and is Chief Executive Officer of Fiske plc. He has over 22 years of industry experience.



**JULIAN DIEPPE**  
Co-manager

Julian joined the Ocean UK Equity Fund at launch in May 2018. He is a Member of the Securities Institute and is an Investment Manager at Fiske plc. He has over 10 years of industry experience.

## INVESTMENT OBJECTIVE

The Fund aims to achieve capital and income growth, and to provide a return (after fees, charges and other expenses payable out of the Fund) in excess of that of the CBOE UK All Companies Total Return Index over the long-term.

## FUND FEATURES

- Emphasis on total return (TR) via blend of capital and dividend growth
- Focus on quality companies with high returns on capital and strong cash flows
- High conviction, low turnover – ‘buy and manage’ approach
- 30 – 40 holdings
- Investing across the market cap universe
- Preservation of capital is paramount over the business cycle
- Predominantly UK and up to 20% Overseas from a listing perspective

## HOW TO INVEST

Ocean UK Equity Income is available as an OEIC and is also suitable to include in stocks and shares ISAs and SIPPs.

You can buy shares in the fund by visiting: [tbaileys.co.uk/funds/ocean-investment-funds](https://tbaileys.co.uk/funds/ocean-investment-funds)

Or by telephoning the Ocean UK Equity Investor Dealing Line: 0115 988 8288 (open business days between 9am and 5pm)

Or via the following platforms:

Aviva	Pershing
Allfunds	Raymond James
Barclays	Redmayne Bentley
FNZ	Transact
Hargreaves Lansdown	Winterflood
interactive investor	Aegon
Seven Investment Management (7IM)	

## CONTACT US

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**Authorised Corporate Director & Administrator:**  
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[tbaileys.co.uk/funds/ocean-investment-funds](https://tbaileys.co.uk/funds/ocean-investment-funds)

Currency	Price	Minimum Investment	Annual Management Charge (AMC)	† Ongoing Charge Figure (OCF) – taken from capital	ISIN	SEDOL
GBP						
B Acc	140.51p	£1000	0.75%	1.06%	GB00BDRNX587	BDRNX58
B Inc	131.06p	£1000	0.75%	1.06%	GB00BDRNX694	BDRNX69

† Please note the 1.06% OCF includes the AMC | Entry and Exit charges 0%

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