

APRIL 2022

MONTHLY FACTSHEET

at last valuation point in April 2022 unless otherwise stated



MANAGER COMMENTARY

Equity markets have had another difficult month with investors focused on the continuing war in Ukraine, elevated inflation, rising interest rate expectations, and Covid enforced lockdowns in China. Tragically the war in Ukraine is now into its third month. Despite negotiations principally aimed at de-escalation, the situation on the ground appears to be deteriorating with Russia now turning its attention to the eastern Donbas region. The loss of life and destruction of infrastructure is totally unacceptable and such an unnecessary waste. Whilst it seems remote at the moment, we hope for a swift and peaceful resolution in the near future.

China's zero tolerance towards Covid infections that has seen Shanghai locked down has now shifted to Beijing where the authorities may impose a lockdown if they are unable to contain infection rates. Locking down these hugely important urban environments has negative implications for trade and is likely to lead to further supply chain disruption.

Central banks continue to face a tricky balancing act as they navigate the need to increase interest rates to dampen inflation without derailing the relatively fragile economic growth especially post the pandemic. The Federal Reserve has suggested that it may increase interest rates more aggressively than previously thought. This resulted in a surge in the US dollar v sterling. Weaker sterling is broadly positive for the portfolio as we have a significant portion of our earnings coming from overseas.

COMPANY NEWS

Microsoft reported Q3 results that exceeded expectations and the company was cautiously optimistic about future prospects. Revenue was up 18%, EPS up 9% and it returned \$12.4 billion to shareholders via share buy backs and dividends; a rise of 25% over the same period in 2021.

We continue to think their 'technology stack' is increasingly relevant as businesses strengthen and deepen their digital capabilities. Satya Nadella, CEO since 2014, commented that "digital technology will be the key input that powers the world's economic output."

The shares have fallen modestly year to date due to rising interest rates and the rotation away from higher rated growth stocks. We think its position in the technology industry and critically the trust which it has established with IT buyers over the last 47 years will deliver further revenue and profit growth in the years ahead. The main risk is from competitors offering better products and being more nimble.

Company News continued overleaf

PERFORMANCE SINCE LAUNCH (%)



CUMULATIVE PERFORMANCE

	YTD	3 MTHS	6 MTHS	1 YR	3YR	LAUNCH
FUND	-16.47	-5.63	-12.63	-2.59	13.05	17.37
Benchmark	1.49	1.47	3.71	9.12	13.28	12.67
IA Sector	-6.00	-2.44	-4.27	-0.07	11.18	9.66
Rank in sector	228/250	197/250	210/250	156/247	90/237	36/232
Quartile	4	4	4	3	2	1

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.

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	117.37p
Inc single price	109.47p
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	£11.2 million

TOP 15 HOLDINGS %

DIPLOMA	5.3
RELX	4.7
DIAGEO	4.4
MICROSOFT	4.1
ALPHABET	4.0
ASHTEAD	3.9
UNILEVER	3.9
CHUBB	3.6
DECHRA PHARMACEUTICALS	3.6
CRODA	3.1
EXPERIAN	3.1
SAVILLS	3.0
DISCOVERIE	3.0
POLAR CAPITAL	2.9
JD SPORTS	2.9
TOTAL	55.5%

GEOGRAPHICAL BREAKDOWN %

UK	76.8%
USA	14.3%
Europe	5.2%
Cash	3.7%
TOTAL	100%

Croda - we attended their Capital Market’s Day where management discussed the substantial opportunity for their consumer care segment. Consumer care consists of four structurally growing areas; anti-ageing, sun-care, haircare and fabric-care. They set out a coherent pathway for achieving 5%+ annualised sales growth targeting revenue of £1bn by 2025 along with an attractive 25% operating margin.

Croda’s products have very strong sustainability, innovation and IP credentials which it has been strategically developing over the last 20 years. Croda’s core aim is to be the world’s most responsive, innovative and sustainable solution provider in consumer care markets. As a result, their products are highly valued by customers allowing them to pass on higher raw material prices during inflationary periods.

The Company stated its intention to use bio-based inputs for at least 75% of all its products by 2030. This is absolutely key for clients such as Unilever and L’Oreal who want all of their ingredients to be bio-based by 2030. Management said it can help over 6,000 of its customers achieve their sustainability goals. We like the fact that not only does Croda have innovative products, often with IP protection, but that it can also help its customers with their sustainability transformation initiatives.

Croda has a very strong culture with many key personnel having been in post for well over 10 years. Critically they operate a direct sales force – and don’t sell via distributors – that is very close to its customer base. This enables crucial customer feed-back to ensure product relevance and responsiveness where required.



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 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: tbaileyfs.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
- ▣ Allfunds
- ▣ Barclays
- ▣ Hargreaves Lansdown
- ▣ interactive investor
- ▣ Seven Investment Management (7IM)
- ▣ Pershing
- ▣ Raymond James
- ▣ Transact
- ▣ Winterflood
- ▣ Aegon

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Currency	Price	Minimum Investment	Annual Management Charge (AMC)	†Ongoing Charge Figure (OCF) - taken from capital	ISIN	SEDOL
GBP						
B Acc	117.37p	£1000	0.75%	1.06%	GB00BDRNX587	BDRNX58
B Inc	109.47p	£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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