

JUNE 2022

MONTHLY FACTSHEET

at last valuation point in June 2022 unless otherwise stated

MANAGER COMMENTARY

Equity markets had a poor month due to increasing concerns over inflation, rising interest rates, the weak outlook for economic growth and how this will impact company earnings in the second half of 2022 and 2023. To give some context as to how difficult the first six months of 2022 have been, the S&P500 has fallen over 20% so far which is its worst first half performance since 1970. The FTSE 250 has also fallen over 20%. The Federal Reserve's monetary policy response to the stubborn 40-year high inflation saw it increase interest rates by 75bps - its most aggressive increase since 1994 - to a range of 1.5%-1.75%. The Fed commented it would keep increasing rates in an effort to reduce inflation and that may result in rates ending 2022 in the c.3% range. It also reduced its outlook for GDP growth for 2022 to 1.8% from 2.8%.

In the UK, the Bank of England also increased rates by 25bps to 1.25% (the highest level since 2009) and has suggested that inflation could peak at 11% later in the year. The UK economy grew by only 0.8% in Q1 2022 having grown 1.3% in Q4 2021. The Bank predicts that growth in the second half of 2022 will be weak. The risk of a technical recession - 2 quarters of negative economic growth - is increasing as consumers rein in spending whilst confidence is fragile. Furthermore, it looks like house prices are cooling in the face of rising rates and affordability issues. High inflation is prevalent in many global economies. As a result, during the month, the Australian, Norwegian, Swedish, and Swiss Central Banks all raised interest rates in an effort to dampen inflation. Similarly, the ECB has said it will increase rates in July or September as it battles with inflationary pressures in the Eurozone.

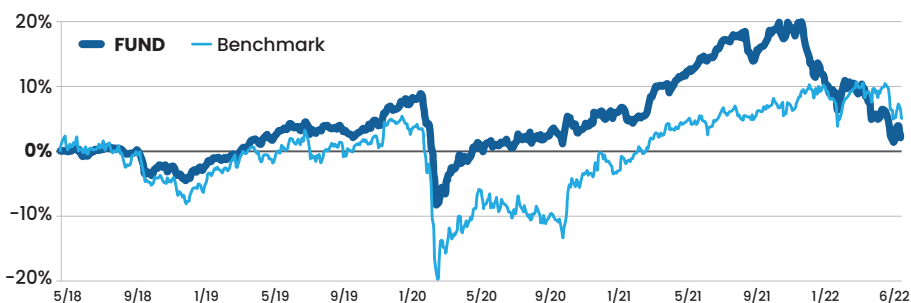
Ocean UK Equity has had a difficult first half of 2022 as valuations of high-quality growth stocks have been compressed by rising interest rates and an increasingly uncertain outlook. In addition, there has been a rotation into more value and cyclical areas of the market. As we look forward into the second half of 2022 and beyond - notwithstanding the uncertain environment - we think that valuations of many of our businesses are looking attractive especially when you consider their resilience and quality. More importantly we think our businesses over the medium to long-term are well positioned to grow and develop in terms of revenue, profit, free cash flow and market share. In addition, they have strong balance sheets, growing competitive positions, good structural tailwinds and quality management teams to navigate both the good and bad times.

COMPANY NEWS

Halma manufactures innovative products for the environmental analysis, medical and safety sectors. The company reported record breaking full year revenue and profit, both of which have now compounded at an annual growth rate (CAGR) of 11% over the last 10 years. In addition, the dividend was increased by 7% - it has grown by 5% or more for 43 years. Halma has also increased investment into R&D, technology, people and culture which we think demonstrates the long-term thinking of management and general confidence in their end-markets.

Company News continued overleaf

PERFORMANCE SINCE LAUNCH (%)



CUMULATIVE PERFORMANCE

	YTD	3 MTHS	6 MTHS	1 YR	3YR	LAUNCH
FUND	-25.56	-13.33	-25.56	-17.12	-1.95	4.59
Benchmark	-3.58	-4.83	-3.58	2.18	6.88	7.05
IA Sector	-12.76	-8.26	-12.76	-8.49	3.94	1.78
Rank in sector	236/254	228/255	236/254	202/252	180/240	103/236
Quartile	4	4	4	4	3	2

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	104.59p
Inc single price	96.6p
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	£10 million

TOP 15 HOLDINGS %

RELX	4.8%
DIPLOMA	4.7%
DIAGEO	4.4%
ALPHABET	4.4%
MICROSOFT	4.3%
UNILEVER	4.3%
DECHRA PHARMACEUTICALS	3.7%
ASHTHEAD	3.5%
SAVILLS	3.2%
CONVATEC	3.1%
CHUBB	3.1%
POLAR CAPITAL	3.0%
LVMH	2.9%
EXPERIAN	2.9%
CRODA	2.8%
TOTAL	55.1%

GEOGRAPHICAL BREAKDOWN %

UK	75.4%
USA	14.5%
Europe	5.4%
Cash	4.7%
TOTAL	100%

The one negative was the pending retirement of Andrew Williams who has been an outstanding CEO since 2005 and with Halma for 28 years. Andrew will be a tough act to follow but in Marc Ronchetti the current CFO they have selected an insider who has a strong grasp of the organisation having worked closely with Andrew since 2016. We think Halma, is very well positioned for long-term growth as it operates in end markets that have structural tailwinds such as climate change, waste, pollution, safety in the urban environment and demand for innovative healthcare solutions.

discoverIE designs and manufactures customised electronic components for the transportation, medical, renewable energy, and industrial connectivity sectors. They reported robust preliminary results which continue to demonstrate the successful pivot the group has made to a design and manufacture business model that has attractive margins and more revenue visibility. When the company wins a design project and the component becomes designed in to a product it can typically last for 5-7 years with attractive recurring revenue characteristics. The group has a strategic M&A plan to buy businesses that help give it a competitive advantage in terms of product, geography and end market. Net debt to EBITDA is low at 0.6x which is below the targeted range of 1.5x-2x. This demonstrates the cash generative nature of the business enabling it to self-fund acquisitions which it has executed successfully over the last few years.



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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Authorised Corporate Director & Administrator:
T. Bailey Fund Services Ltd
tbaileyfs.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	104.59p	£1000	0.75%	1.06%	GB00BDRNX587	BDRNX58
B Inc	96.6p	£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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