

# AUGUST 2022

## MONTHLY FACTSHEET

at last valuation point in August 2022 unless otherwise stated



### MANAGER COMMENTARY

Equity markets fell – in what is traditionally a quiet month for markets – following Federal Reserve Chairman Jerome Powell's comments at the Jackson Hole economic policy symposium. He reiterated in no uncertain terms that fighting inflation is the Fed's top priority and even if some pain is caused, it would continue to raise interest rates and shrink its balance sheet for some time. Some investors had been anticipating a potential pivot towards interest rate cuts due to increasing economic headwinds facing the US and many of the G20 economies. Ultimately the Fed was very clear that getting inflation back to 2% is a non-negotiable commitment.

Markets are having to contend with a variety of challenges from the direction of inflation, where interest rates will peak, and how corporate earnings will fare throughout the remainder of 2022 and into 2023. These factors are all contributing to market nervousness and bouts of extreme volatility. Sterling has weakened against the US\$ due to concerns over how the new Prime Minister Liz Truss will deal with dangerously elevated energy prices which is driving the cost-of-living crisis, and the war in Ukraine. The UK economy is slowing with economic activity in areas such as manufacturing and services weakening as businesses contend with soaring costs and slowing demand. Markets loathe uncertainty and until we have some clarity over energy prices via the new UK administration and the rising cost of living the market will be under pressure and face further bouts of volatility.

### COMPANY NEWS

**Spirax-Sarco** – manufactures and distributes peristaltic pumps, and engineered solutions for steam management and thermal solutions – updated investors with its interim results which we think demonstrate its strong and growing competitive position and exciting future growth prospects. Revenue was up 17%, profit up 9%, EPS up 11% whilst the dividend was also up 10%. The operating profit margin was lower (as expected) as they deploy record levels of capital expenditure for future growth development in areas such as manufacturing and digital capability. Order books are at record levels due to strong demand for the Company's products and services from relatively recession proof segments such as pharmaceutical, food and beverage, water and wastewater. Their Watson Marlow pump segment is performing very well and is taking market share. The demand and quality of their products means they have been able to pass on inflationary costs in a transparent manner to their customers. A deep recession will no doubt have some impact on Spirax-Sarco but their direct sales force – that are very close to their customers – means they are well positioned to weather weak economic conditions. In addition, 85% of revenue comes from customer opex budgets which are far less likely to be cut than capex budgets. Ultimately their products are mission critical to their customer's manufacturing processes and strategically assist in being more efficient from both an operational and environmental perspective.

Company News continued overleaf

### 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	109.4
Inc single price	101.05
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	£10.4 million

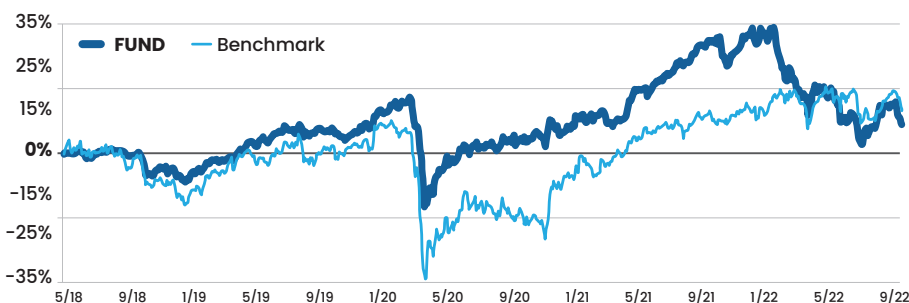
### TOP 15 HOLDINGS %

DIPLOMA	5.2%
RELX	4.8%
DIAGEO	4.5%
MICROSOFT	4.3%
UNILEVER	4.3%
ASHTEAD	4.3%
ALPHABET	4.2%
DECHRA PHARMACEUTICALS	3.7%
DISCOVERIE	3.3%
LVMH	3.2%
SAVILLS	3.1%
EXPERIAN	3.1%
CRODA	2.9%
CONVATEC	2.9%
FERGUSON	2.7%
<b>TOTAL</b>	<b>56.5%</b>

### GEOGRAPHICAL BREAKDOWN %

UK	77.4%
USA	13.8%
Europe	5.7%
Cash	3.1%
<b>TOTAL</b>	<b>100%</b>

### PERFORMANCE SINCE LAUNCH (%)



### CUMULATIVE PERFORMANCE

	YTD	3 MTHS	6 MTHS	1 YR	3YR	LAUNCH
<b>FUND</b>	<b>-22.14</b>	<b>-3.24</b>	<b>-7.90</b>	<b>-19.19</b>	<b>0.61</b>	<b>7.22</b>
Benchmark	-1.08	-3.32	-1.05	1.81	3.83	0.26
IA Sector	-10.77	-5.17	-4.66	-10.51	2.63	-3.18
Rank in sector	220/255	52/256	191/256	195/254	186/242	6/238
Quartile	4	1	3	4	4	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.

**Games Workshop** – manufactures miniature fantasy models to its loyal and growing hobbyist customer base – released full year results. Revenue was up 10% whilst profits grew 6%. The operating margin was down due to significant additional freight costs and additional inventory provisions. Freight costs are beginning to moderate whilst inventory levels remain elevated due to supply chain disruption. Royalty income was strongly ahead at £28m and there are several significant video games due for release shortly such as Warhammer 40,000, in addition to 12 games in development and four new licences that were signed in the year. Management are very customer and long-term focused as they “make the best fantasy miniatures in the world, to engage and inspire our customers, and to sell our products globally at a profit. We intend to do this forever. Our decisions are focused on long-term success, not short-term gains.” We continue to think the business has interesting long-term growth potential via overseas markets, notably Asia and the US, in addition to leveraging its unique intellectual content via partnerships with TV, video game and film production companies. Furthermore, hobbies tend to be fairly resilient during a recession – as evidenced during the GFC – and Games Workshop has robust new products to engage with existing and new hobbyists.



**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](https://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	Pershing
Allfunds	Raymond James
Barclays	Transact
Hargreaves Lansdown	Winterflood
interactive investor	Aegon
Seven Investment Management (7IM)	

## CONTACT US

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**Authorised Corporate Director & Administrator:**  
T. Bailey Fund Services Ltd  
[tbaileyfs.co.uk/funds/ocean-investment-funds](https://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	109.4p	£1000	0.75%	1.06%	GB00BDRNX587	BDRNX58
B Inc	101.05p	£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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