

FUND FACTSHEET

MAY 2023

at last valuation point in
May 2023 unless
otherwise stated



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.

MANAGER COMMENTARY

May was a difficult month for equity markets as inflation, whilst generally trending down, is unlikely to fall in a linear fashion due to the complexity of global economies and markets. In the UK food inflation remained stubbornly high at around 20% which is the highest it has been since 1977. This is very challenging for consumers who are already facing exorbitant energy and fuel prices. The MPC's response was to increase interest rates another 25 bps to 4.5% - its 12th increase in a row and highest level since 2008 - as it responds to bring inflation back down to 2%. They commented that inflation would stay higher for longer than previously expected whilst the economy would perform more strongly than it did a few months ago. It suggested that GDP growth will be 0.25% in 2023 and 0.75% for the next 2 years. Should this scenario play out, it will be the weakest annual growth rate outside a recession in the post-war era. The ECB and Federal reserve also raised interest rates in response to elevated inflation, but it was the messaging from officials that investors are focused on. Investor consensus is that, barring major upside inflation surprises, the Fed seems set to pause after ten consecutive hikes and that the potential to reduce rates at the back end of 2024 is a distinct possibility. The fog of uncertainty still hangs over the market, but it is reassuring that our businesses continue to demonstrate resilience and strong strategic execution amid a challenging economic backdrop.

COMPANY NEWS

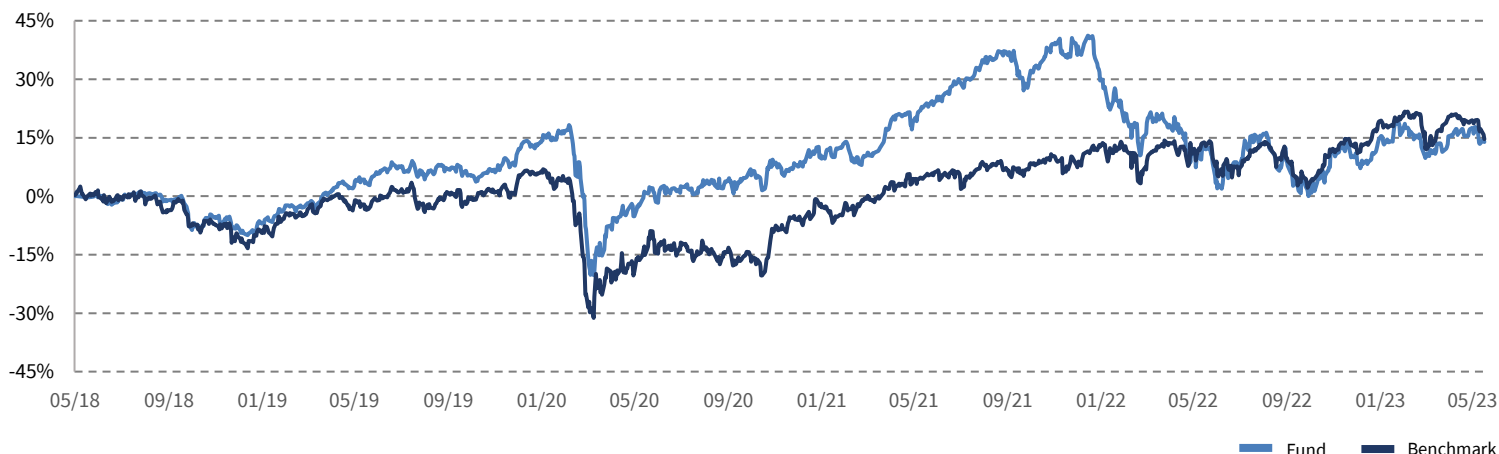
We attended a Capital Markets Event for **Intertek** - which provides assurance, testing, inspection, and certification services known as 'ATIC' to a range of operators. These businesses tend to operate in areas such as raw material sourcing, component suppliers, manufacturing, transportation, distribution, and food. If you manufacture and distribute cars, you want them to...

CUMULATIVE PERFORMANCE

	YTD	3MTHS	6MTHS	1YR	3YR	LAUNCH
Fund	4.77	-0.60	2.15	0.74	12.73	13.90
Benchmark	1.33	-4.53	-0.04	0.94	35.05	14.66
IA Sector	2.30	-3.67	1.11	-1.13	25.24	8.54
Rank in Sector	45/246	20/247	82/246	106/245	189/234	93/225
Quartile	1	1	2	2	4	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.

PERFORMANCE SINCE LAUNCH (%)



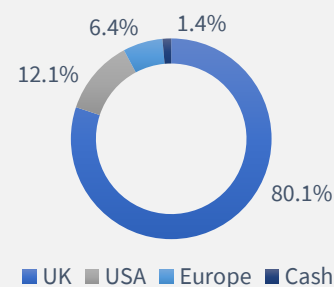
KEY DETAILS

ACC SINGLE PRICE	113.90
INC SINGLE PRICE	102.81
BENCHMARK	CBOE UK All Co's
IA SECTOR	UK All Co's
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	£10.7 million

TOP 15 HOLDINGS

DIPLOMA	6.02%
RELX	5.21%
ASHTEAD	4.81%
MICROSOFT	4.53%
UNILEVER	4.42%
DIAGEO	4.40%
LVMH	4.01%
JD SPORTS	3.99%
DECHRA PHARMACEUTICALS	3.52%
EXPERIAN	3.25%
RECKITT BENCKISER	3.23%
DISCOVERIE	3.21%
FERGUSON	3.18%
LONDON STOCK EXCHANGE	3.11%
GAMES WORKSHOP	2.79%
TOTAL	59.70%

GEOGRAPHICAL BREAKDOWN



■ UK ■ USA ■ Europe ■ Cash

COMPANY NEWS CONT.

...work efficiently and effectively. You don't want to be faced with the emission scandal that engulfed Volkswagen a few years ago. Think of the damage both reputationally and financially that has been needlessly self-inflicted via careless execution. Reputations can take decades to build-up and embed but conversely can evaporate overnight if companies do not do the right thing. Intertek would suggest that if they had been doing the testing for Volkswagen, such damaging events would not have happened. Over the two days it became very clear that Intertek is a very high quality/good culture operation that is very well positioned via capability and geography to progress, potentially significantly, in the medium to long term.

Management stated that they believe the growth opportunity ahead is significant. So, what is going to drive this growth and why? In essence, management expect higher demand for their ATIC solutions as their clients are increasing their focus on risk-based quality assurance to ensure they operate with higher standards on quality, safety and sustainability in their respective supply chains. This opportunity should translate into mid-single digit organic revenue growth with the operating margin heading back to 17.5% or higher, strong FCF generation and attractive returns on invested capital of c.18%. The higher cash generation will augment accretive M&A to drive the compounding model. In terms of valuation Intertek is trading at a significant discount on a PE and EV/EBITDA basis relative to its European listed peers - namely Bureau Veritas and SGS. Furthermore, we believe the shares are attractive at current levels relative to future prospects.

JD Sports – global omni-channel retailer of trainers and apparel – released robust prelims announcing record sales of c.£10 billion and delivering £991m of profit. Encouragingly trading for the first 3-months of FY24 is up 15%. JD is very much in post Cowgill phase with new CEO, Regus Schultz, and CFO, Dominic Platt, set to grow the business via substantial investment in the store network in the US, Europe and Asia. It is worth noting that Regus and Dominic both worked together at the French electrical retailer Darty so have a good understanding of operating together. This will be critical as they carefully execute the growth strategy. The recent Capital Market Event was used to set out the strategic roadmap for the next five years. The ambition is for double digit revenue growth, operating profit margin, and market share gains in key regions. We continue to think the business is in a very compelling position due to its symbiotic relationships with key manufacturers such as Nike, Adidas and VF Corp, as well as through its laser focus on consumer trends, all boosted by the £1.5 billion cash on its balance sheet. The next few years are going to be very interesting but critically we think the business has the ingredients to become a much more valuable operation.

**MICHAEL FOSTER**

LEAD PORTFOLIO MANAGER

Michael launched the Ocean Equity Fund in May 2018. He holds the Investment Management Certificate. He has managed private investments since 2011.

**JAMES HARRISON**

CO-MANAGER

James joined the Ocean Fund at launch. He is a Chartered Fellow of the Securities Institute and is CEO of Fiske plc. He has over 26 years of experience.

**JULIAN DIEPPE**

CO-MANAGER

Julian joined the Ocean Fund at launch. He is a member of the Securities Institute and is an Investment Manager at Fiske plc. He has over 10 years of experience.

**KEVIN MORDRICK**

FUND SALES

Kevin has 35 years' experience in financial services. He was Associate Sales Director for Invesco Perpetual and Sales Director of Rensburg Fund Management.

INVESTOR PROFILE

The fund may appeal to investors who:

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

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 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: baileyfs.co.uk/funds/ocean-investment-funds

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

Or via the following platforms:

A J Bell	Interactive Investor
Aviva	Novia
Allfunds	Pershing
Aegon	Raymond James
Barclays	Standard Life
Charles Stanley Direct	Transact
Cofunds	Winterflood
Elevate	7IM
Hargreaves Lansdown	

Currency	Price	Minimum Investment	Annual Mgmt. Charge (AMC)	*Ongoing Charge Figure (OCF) – taken from capital	ISIN	Sedol
GBP						
B Acc	113.90p	£1,000	0.75%	1.14%	GB00BDRNX587	BDRNX58
B Inc	102.81p	£1,000	0.75%	1.14%	GB00BDRNX694	BDRNX69

*please note the 1.14% OCF includes the AMC Entry and Exit charges 0%

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