

# FUND FACTSHEET

JULY 2023

at last valuation point in  
July 2023 unless  
otherwise stated

**OCEAN**  
EQUITY

**The Ocean Equity Fund does not have an objective linked to the oceans or marine bio-diversity but the Fund Manager may choose to invest in companies that derive their revenue from shipping and energy transition sectors.**

## 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

Whilst central banks - Fed, BoE and ECB - continue their high wire act of raising interest rates to rein in elevated inflation, there are tentative signs the global economy could be in for a soft economic landing. The Fed increased rates by 25bps to 5.25% and the ECB by 25bps to 3.75% to their highest level in 22 years. The BoE meets in early August. The Fed stated that it was no longer forecasting a recession in the US and has a 'shot' at driving inflation down to its target level of 2% without a drastic increase in job losses. Inflation in the US has fallen from 9% in 2022 to a current level of 3%. UK inflation has been more persistent and came in at 8.7% in May then encouragingly fell to 7.9% in June as energy and fuel prices fell. Despite a very aggressive monetary tightening cycle alongside quantitative tightening, the major global economies have been resilient with employment levels remaining surprisingly robust. Q2 US GDP growth was 2.4% - up from 2% in Q1 and ahead of expectations of around 1.8%.

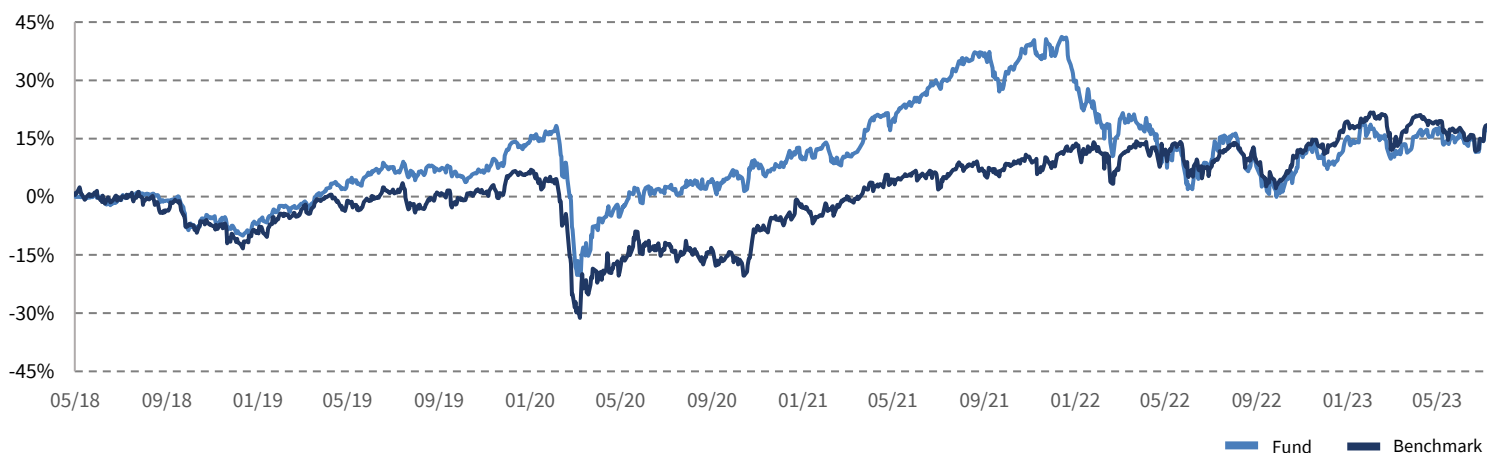
One of the major issues impacting the UK economy post Covid is that there are far fewer economically active people available for work. Since Covid an extra 500,000 people have transitioned from being 'economically active' to 'economically inactive' with 2.5m people of working age now classified as long-term sick. This is a major structural issue for the UK economy that will impact productivity, growth, labour rates and mental health. There needs to be a rapid sustainable solution from the public and private sector, or it will be very challenging for employers to fill roles when the economy starts improving when there are already c.1m vacancies.

## CUMULATIVE PERFORMANCE

	YTD	6MTHS	1YR	3YR	5YR	LAUNCH
<b>Fund</b>	<b>8.49</b>	<b>3.47</b>	<b>2.33</b>	<b>17.42</b>	<b>17.41</b>	<b>17.94</b>
<b>Benchmark</b>	<b>5.08</b>	<b>0.72</b>	<b>6.43</b>	<b>42.72</b>	<b>17.69</b>	<b>18.91</b>
IA Sector	4.45	-0.04	2.96	30.11	9.96	10.82
Rank in Sector	21/243	15/244	150/243	181/232	70/222	74/222
Quartile	1	1	3	4	2	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 (%)



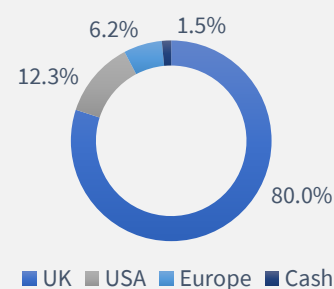
## KEY DETAILS

ACC SINGLE PRICE	117.94
INC SINGLE PRICE	106.45
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	£11.0 million

## TOP 15 HOLDINGS

DIPLOMA	6.3%
ASSTEAD	5.4%
RELX	5.3%
UNILEVER	4.5%
MICROSOFT	4.3%
DIAGEO	4.3%
JD SPORTS	4.0%
LVMH	4.0%
DECHRA PHARMACEUTICALS	3.7%
GAMES WORKSHOP	3.4%
EXPERIAN	3.3%
FERGUSON	3.2%
DISCOVERIE	3.2%
JOHN DEERE	3.0%
LONDON STOCK EXCHANGE	3.0%
<b>TOTAL</b>	<b>60.9%</b>

## GEOGRAPHICAL BREAKDOWN



COMPANY NEWS

**Relx** - global provider of information-based analytics and decision tolls for B2B customers - released interim results which continue to suggest the business is well placed for attractive revenue and profit growth over the long-term as it continues to implement and embed a culture of strategic and operational progress. Revenue was up 8%, profit up 16%, EPS up 14% and the dividend was up 8% and 2x covered. Free cash flow generation was up modestly, and electronic revenue now represents 84% of total revenue. The exhibition segment which is only c.5% of group revenue grew 27% and is now bigger than it was pre-Covid. In addition, it is more profitable as they took out a lot of cost during the pandemic not all of which will be directly re-deployed. Whilst only a relatively small part of the overall piece, it demonstrates the depth and breadth of management action – this is critical and can be difficult to detect. We think this is important because tweaking businesses as they navigate tough times allows profit levels to be managed. Subsequently cash can be reinvested back into the business at very attractive ROIC levels of around 18%. Being a B2B operation, Relx needs to remain competitive in terms of product, service and price in order to stay relevant in the eyes of their end customers and maintain their enduring competitive advantage. In terms of generative AI, Relx management have been working on this for 15 years and it will be a significant enabler to optimise various segments such as legal and insurance. The business is well positioned, and management suggest it should grow revenue in the region of 6% and profit growth slightly higher. Relx is a very high-quality operation with capable management and an interesting opportunity set ahead, it is currently trading at a significant discount to its US peers.

**Watches of Switzerland (WoSG)** – omni-channel retailer of luxury watches and jewellery – released record Prelims for FY23 which further strengthens our conviction in the compelling investment case as the management team continue to grow and optimise the business. Revenue was up 25%, profit up 26%, ROCE up modestly to 28%, whilst FCF generation was ahead 30%. Operationally it has been another year of progress as they have added to the depth and breadth of their store estate with a total of 28 new showrooms across the UK, US, and Europe, whilst also upgrading a further 13 showrooms.

Critically as WoSG enters FY24 significantly ahead of where they expected to be when they presented their Long Term 5-year Plan in 2021. They will update this strategic plan and outline the growth ambitions for FY26 to FY28. According to market research the global luxury watch market was worth \$45.6bn in 2022 and is expected to grow by a CAGR of 5% from 2023 to 2028. From an ESG perspective, which they take seriously as all our portfolio companies do, they have achieved a AAA rating from MSCI which is testament to their approach. The US remains a substantial opportunity as it is an underpenetrated, fragmented market but critically the spend per capita in the US is below that of the UK.

In addition, they have excellent symbiotic relationships with the watch manufacturers who want to partner with best-in-class retailers. Whilst manufacturers can go direct to consumers (D2C) they like the fact that WoSG sets their products off against competing brands – the manufacturers cannot do this. A customer might go into a WoSG store wanting to buy a Hublot but end up buying a Rolex. This gives them an edge whilst barriers to entry for other retailers are quite significant. A modest net debt position has become a net cash position further enhancing its ability to generate cash via its asset light business model.



**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: [tbaileys.co.uk/funds/ocean-investment-funds](https://tbaileys.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
<b>GBP</b>						
<b>B Acc</b>	117.94p	£1,000	0.75%	1.14%	GB00BDRNX587	BDRNX58
<b>B Inc</b>	106.45p	£1,000	0.75%	1.14%	GB00BDRNX694	BDRNX69

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

CONTACT US

**Michael Foster (Manager)** – 07771 516 565  
**Kevin Mordrick (Fund Sales)** - 07557 798 421  
 100 Wood Street, London, EC2V 7AN  
 Authorised Corporate Director & Administrator:  
 T. Bailey Fund Services Ltd  
[tbaileys.co.uk/funds/ocean-investment-funds](https://tbaileys.co.uk/funds/ocean-investment-funds)

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