

FUND FACTSHEET

AUGUST 2023

at last valuation point in
August 2023 unless
otherwise stated



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

As was widely anticipated the Bank of England's MPC increased interest rates by another 25 bps to 5.25%, its fourteenth consecutive increase, and hinted that borrowing costs were likely to stay higher for longer. The current interest rate tightening cycle which started in December 2021 is having its desired effect as headline inflation continues to fall as seen in the drop from 7.9% to 6.8% in July which was driven largely by falling energy prices. In addition, unemployment rose from 4% to 4.2% and the vacancy level has fallen as economic conditions continue to tighten in response to rising interest rates. Furthermore, the housing market is under pressure as borrowing becomes prohibitively more expensive due to tightening credit conditions.

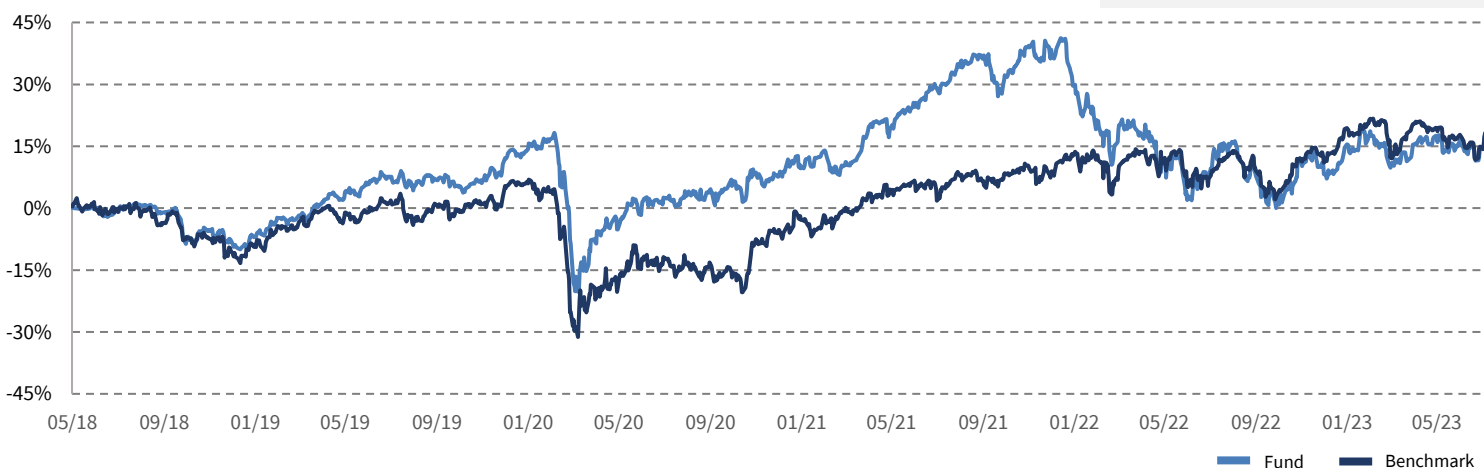
Whilst the US economy has been resilient in the first half of 2023, there is growing evidence that the aggressive interest rate tightening cycle is impacting the economy and cooling demand. In Q2 for example, GDP growth came in at 2.1% v's initial estimates of 2.4% and unemployment increased from 3.5% to 3.8% whilst private job growth and consumer confidence slowed. Weaker economic data feeds into the narrative that the Federal Reserve may be less likely to increase rates from current levels and so deliver a soft economic landing. That said, at the recent Jackson Hole symposium, Chairman Powell reiterated that the Fed will be 'data dependent' on whether to tighten further or hold rates at current levels to ensure inflation is sustainably maintained at the 2% target level.

CUMULATIVE PERFORMANCE

	YTD	6MTHS	1YR	3YR	5YR	LAUNCH
Fund	5.27	-0.13	4.61	11.33	14.21	14.44
Benchmark	2.36	-3.56	5.47	36.45	18.36	15.82
IA Sector	2.16	-3.80	24.12	23.40	8.97	8.39
Rank in Sector	31/242	16/243	140/242	178/232	95/221	87/221
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 (%)



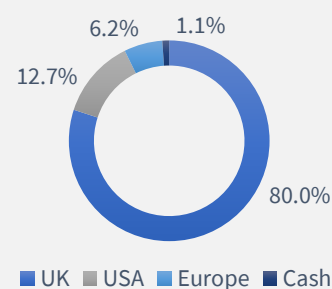
KEY DETAILS

ACC SINGLE PRICE	114.44
INC SINGLE PRICE	103.30
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	£10.6 million

TOP 15 HOLDINGS

DIPLOMA	6.3%
ASSTEAD	5.5%
RELX	5.44%
UNILEVER	4.4%
MICROSOFT	4.4%
DIAGEO	4.3%
DECHRA PHARMACEUTICALS	3.9%
LVMH	3.9%
JD SPORTS	3.8%
FERGUSON	3.5%
GAMES WORKSHOP	3.2%
EXPERIAN	3.2%
JOHN DEERE	3.1%
COMPASS	3.0%
LONDON STOCK EXCHANGE	3.0%
TOTAL	60.8%

GEOGRAPHICAL BREAKDOWN



COMPANY NEWS

Convatec – manufacturer and distributor of medical devices - reported interims which demonstrated gathering momentum both in terms of revenue and margin accretion. We are encouraged by the strategic progress the business is making as it pivots to sustainable profitable growth. Organic revenue was up over 6%, the dividend ahead 3%, whilst management increased the outlook for the full year which prompted the shares to move higher. The operating margin came in at 20.3% and is moving towards the mid-20s target which should be sustainable as self-help measures are executed via improved R&D functionality, efficiency gains and operational leverage. Today the shares offer good medium-term value when you consider what management have achieved in recent years and the medium-term plan in terms of margin and revenue growth. Critically Convatec’s end markets are growing, they have vastly improved their R&D execution and they deploy a bolt-on M&A approach aimed at product enhancement and gap-fill. Interestingly the shares trade at a discount to global peers and this has the potential to narrow over the medium term.

XP Power – manufacturer and distributor of power convertors that are used by healthcare, semiconductors, and industrial technology manufacturers - reported interims that were encouraging. Revenue was up 24%, profit up 36% and EPS up 13% whilst the dividend (paid quarterly) was held at 37p. The margin came in at 13.6% and management have a medium-term target to move it to 20% driven by recent investments in product and capacity initiatives. Whilst we are closely monitoring the current elevated debt level, this will reduce to c.2x net debt to EBITDA by the year-end. XP Power is well positioned for the future, bolstered by the mission critical nature of its products and their relatively modest cost in comparison to overall customer project spend. Importantly, once their convertors are approved/designed in by a customer XPP receive income for the lifetime of the product which can be anything from five to nine years. XPP convertors are also crucial as they ensure the product is receiving the right amount of power and thereby reduce energy consumption. We are encouraged by the progress the company is making and subject to end market demand and the wider macro economy, the business is well placed to grow and benefit from recent strategic investments in capacity and moreover its robust order book.

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

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	



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.

Currency	Price	Minimum Investment	Annual Mgmt. Charge (AMC)	*Ongoing Charge Figure (OCF) – taken from capital	ISIN	Sedol
GBP						
B Acc	114.44p	£1,000	0.75%	1.14%	GB00BDRNX587	BDRNX58
B Inc	103.30p	£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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tbaileys.co.uk/funds/ocean-investment-funds

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