

# FUND FACTSHEET

NOVEMBER 2023

at last valuation point in  
November 2023 unless  
otherwise stated

**OCEAN**  
EQUITY

## 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

November saw a strong recovery in equity markets as they digested better than expected inflation data in both the UK, US, and Europe. In the UK the CPI inflation rate fell to 4.6% in October from 6.7% in September principally due to a sharp drop in energy costs. Inflation has now declined for seven consecutive months which the ONS has said was the biggest monthly fall since April 1992. Whilst inflation has more than halved from its October 2022 peak of 11.1%, the Bank of England (BoE) cautions that the final stretch to the 2% mandated level will be tough. Core inflation – which strips out volatile food and energy prices – fell to 5.7% from 6.1%, whilst service sector inflation also fell by more than expected to 6.6% from 6.9%. The fall has certainly reinforced expectations that the BoE interest rate tightening cycle has all but ended.

In the US, headline inflation was better than expected at 3.2% whilst the core rate edged lower to 4%. This resulted in the Federal Reserve holding rates for the second meeting in a row adding to market expectations that this tightening cycle is also now likely at an end. However, the Federal Reserve governor, Jerome Powell, has maintained hawkish on the outlook. A government shutdown was temporarily averted as funding was extended to at least mid-January, whilst Moody's has put the US' top credit rating on a 'negative' outlook.

Towards the end of the month Hamas and Israel negotiated a truce which facilitated Hamas releasing Israeli hostages and Israel releasing jailed Palestinians. Unfortunately, this truce broke down and hostilities have resumed adding an unhelpful edge to the geopolitical backdrop. Elsewhere a meeting between President Xi and Biden will see a resumption in high-level military communication and hopefully an improving US/China relationship. Rest assured geopolitics will remain front and centre throughout 2024. We very much hope for swift resolutions to these protracted and difficult issues with an end to the human suffering on all sides.

## CUMULATIVE PERFORMANCE

	YTD	6MTHS	1YR	3YR	5YR	LAUNCH
<b>Fund</b>	<b>2.47</b>	<b>-2.19</b>	<b>-0.09</b>	<b>4.36</b>	<b>18.42</b>	<b>11.40</b>
<b>Benchmark</b>	<b>2.88</b>	<b>1.52</b>	<b>1.48</b>	<b>28.23</b>	<b>26.75</b>	<b>16.41</b>
IA Sector	1.84	-0.45	0.66	13.44	18.96	8.05
Rank in Sector	132/238	181/239	160/238	162/229	127/220	109/218
Quartile	3	4	3	3	3	2

Total Return, Bid to Bid, Tax UK Net, Sterling Terms. Source: Waystone Fund Services UK 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 (%)



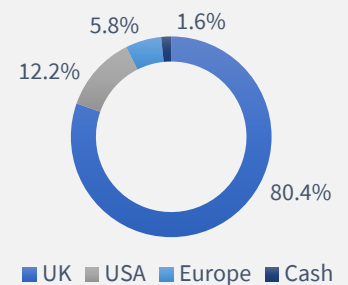
## KEY DETAILS

ACC SINGLE PRICE	111.40
INC SINGLE PRICE	99.53
BENCHMARK	CBOE UK All Co's
IA SECTOR	UK All Co's
LAUNCH DATE	14 May 2018
HOLDINGS	33
PROSPECTIVE YIELD	2.2%
DIV EX DATES	1/5 & 1/11
DIV PAY DATES	30/6 & 31/12
FUND VALUE	£10.2 million

## TOP 15 HOLDINGS

DIPLOMA	6.4%
RELX	5.1%
ASHTEAD	4.8%
UNILEVER	4.3%
JD SPORTS	4.2%
DECHRA PHARMECEUTICALS	4.1%
MICROSOFT	3.9%
DIAGEO	3.7%
COMPASS GROUP	3.7%
BUNZL	3.7%
FERGUSON	3.7%
LVMH	3.5%
TELECOM PLUS	3.5%
EXPERIAN	3.4%
LONDON STOCK EXCHANGE	3.4%
<b>TOTAL</b>	<b>64.6%</b>

## GEOGRAPHICAL BREAKDOWN



— Fund — Benchmark

COMPANY NEWS

**Diploma** – distributor of mission critical components into the controls, seals, and life sciences segments - issued reassuring Preliminary results which demonstrate the enduring power of the group’s decentralised and increasingly diversified business model especially when you consider the uncertain macroeconomic backdrop. Revenue was up 19% (8% organic, 8% M&A and 3% currency benefit), operating profit was up 24%, whilst the operating margin increased 80bps to 19.7%. In addition, the dividend was increased by 5% and EPS was up 18%. The balance sheet is strong with net debt to EBITDA of 0.9x, well below the targeted level of 2.0x, reflecting the capital light and cash generative characteristics of the business. This also provides ample headroom for accretive M&A where management see substantial opportunity with a compelling pipeline of opportunities.

The investment thesis is a blend of organic and inorganic growth into structurally growing end markets such as electrification of industrial processes, infrastructure investment, and renewable energy. During the year management deployed £280m into ten bolt-on acquisitions and two more strategic acquisitions that takes them into new verticals. Management stated all are performing in line with expectations. The company also sold Hawco for £23m as it continues to optimise its portfolio in terms of growth profile and margin progression. We are encouraged by the compelling delivery and think that the business, having recently entered the FTSE100, is well placed to grow and compound revenue and profit for many years.

**Diageo** the global market leader in the attractive premium spirits segment unexpectedly issued a profit warning during the month shortly before its capital markets day. The new CEO/ex COO, Deborah Crew, who has worked in the FMCG area for several decades commented that there had been a sudden and sharp decline in Diageo’s Latin American and Caribbean territory which represents 11% of group revenue. In essence, distributors – sitting between Diageo and retailers in the supply chain – had been buying up inventory ahead of a price increase. This coincided with slowing economic conditions in the region, limited visibility of what stock retailers were selling and a general retrenchment from peak post-covid consumption. As a result, inventory had built up at distributors and it will take time to then be allocated to retailers. Consequently, it was announced that operating profit will be below expectations, and this caused the stock to fall by c.15%.

Clearly this is a disappointing situation, but we think it is manageable and we would point out that its largest territory, the US, is performing slightly better than expected. We think this is a temporary setback and not a structural decline in its business model. The long-term investment case for Diageo remains firmly in place due to premiumisation trends and consumer preference for its ubiquitous stable of desirable spirits that are well positioned to serve fast growing markets such as India and China. The total beverage alcohol market (TBA) is a US\$1 trillion opportunity that is forecast to grow at a CAGR of c.4% between 2022 and 2027. Diageo have c.4.7% share of this market and have a long-term target to increase this to 6% by 2030. In addition, Diageo anticipates 600 million new legal purchase age consumers to enter the TBA market by 2030, contributing significantly to the positive trajectory of the company.



**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
<b>GBP</b>						
<b>B Acc</b>	111.40p	£1,000	0.75%	1.07%	GB00BDRNX587	BDRNX58
<b>B Inc</b>	99.53p	£1,000	0.75%	1.07%	GB00BDRNX694	BDRNX69

\*please note the 1.07% OCF includes the AMC Entry and Exit charges 0%

**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.**

AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY | MEMBER OF THE LONDON STOCK EXCHANGE | NOT FOR DISTRIBUTION IN THE U.S.A.

This factsheet has been issued by Fiske plc on the basis of publicly available information, internally developed data and other sources believed to be reliable and accurate. No representations or warranty, expressed or implied, is made nor responsibility of any kind is accepted by Fiske plc, its directors or employees either as to the accuracy or completeness of any information stated in this factsheet. Any opinions expressed (including estimates and forecasts) may be subject to change without notice. This document is not intended as an offer to buy or sell the fund nor as a personal recommendation. Fiske plc, or any of its connected or affiliated companies or their employees, may have a position or holding or other material interest in the fund concerned or in a related investment, or may have provided within the previous twelve months, significant advice or investment services in relation to the investment concerned or a related investment.

Investors must be aware of the risks associated with investment in this fund. Full details of the Ocean Equity Fund, including risk warnings, are published in the Prospectus and Key Investor Information document. The fund may not be suitable for all investors and if you are in any doubt whether the fund is suitable for you advice should be sought from a suitably qualified professional advisor. The value of the fund and the income derived from it can go down as well as up. Investors may not get back their initial investment. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realised. Securities denominated in foreign currencies may see their value fall as a result of exchange rate movements. Any comments contained in this factsheet are intended only for the use of the individual or entity to which it is addressed and may contain information which is confidential and may also be legally privileged. If you have received this document in error, please telephone the Compliance Department on 44 (0)20-7448-4700. Fiske plc FCA Register No: 124279

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:

<https://www.waystone.com/ourfunds/waystone-fund-services-uk-limited/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

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:  
 Waystone Fund Services UK Limited  
<https://www.waystone.com/ourfunds/waystone-fund-services-uk-limited/ocean-investment-funds/>