

# FUND FACTSHEET

JANUARY 2024

at last valuation point in  
January 2024 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

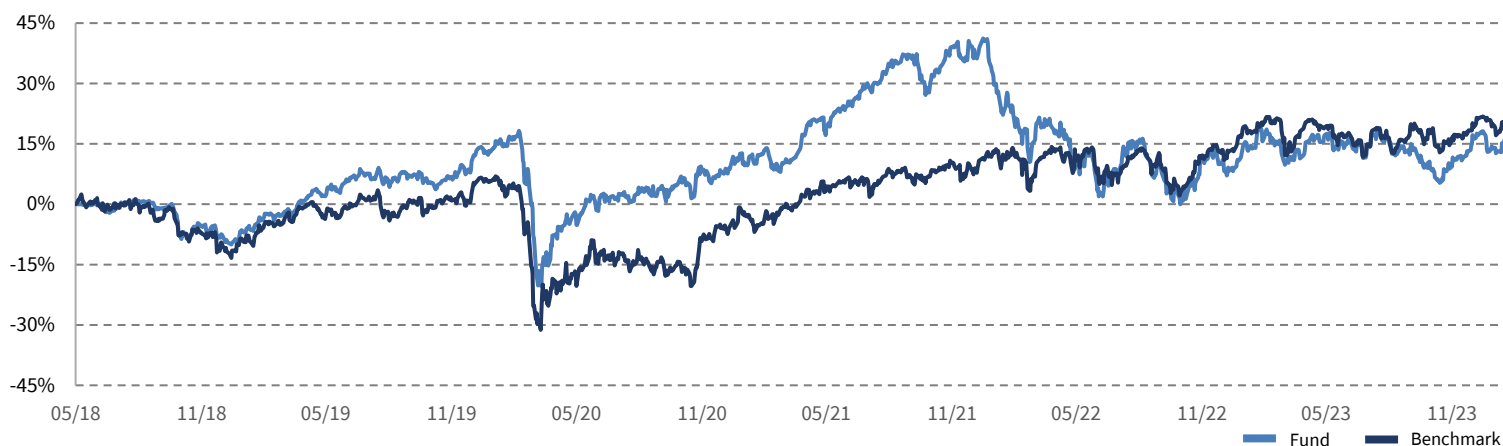
Equity markets made little headway in January as markets paused for breath. This followed a strong rally during the final two-months of 2023. Geopolitics, inflation and interest rates remain front and centre of investor attention. The situation in the Middle East is tense with the potential for other countries to become involved growing by the day. The international community is trying to negotiate a ceasefire in Gaza in order to find a peaceful and sustainable solution. During the month, the UK and US governments launched several strategic attacks on the Houthi rebels in Yemen, in an attempt to disrupt their ability to attack commercial tankers navigating the Red Sea shipping route. Around 12-15% of global shipping capacity navigates through the Red Sea and much of this traffic has had to re-route via the Cape of Good Hope, which takes longer and is more expensive. If this situation is allowed to continue unchecked it has the potential to disrupt supply chains and drive inflation higher.

UK inflation edged up in December to 4.0% from 3.9% in November, which surprised the market. However, it's worth noting that central bankers have said that the last mile in bringing inflation down to mandated levels is the hardest and likely to be bumpy. US inflation surprised to the upside for December coming in at +0.3% versus expectations of +0.2%. Whilst we expect interest rates to fall in 2024 it's likely that the timing of such falls has been pushed out a few months. The Fed and BoE will make their first monetary policy decisions in early February, with investors expecting both central banks to keep rates on hold. The ECB left interest rates unchanged at 4%, as expected, and President Lagarde's narrative appears to have tempered market expectations for rate cuts early in the year.

	YTD	6MTHS	1YR	3YR	5YR	LAUNCH
<b>Fund</b>	<b>-1.68</b>	<b>-1.52</b>	<b>1.90</b>	<b>5.57</b>	<b>22.30</b>	<b>16.15</b>
<b>Benchmark</b>	<b>-1.12</b>	<b>1.29</b>	<b>2.02</b>	<b>29.36</b>	<b>30.61</b>	<b>20.44</b>
IA Sector	-0.86	1.92	1.89	14.49	23.73	12.95
Rank in Sector	202/236	215/235	130/235	160/226	133/217	106/214
Quartile	4	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 (%)



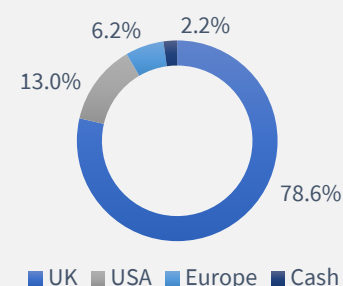
## KEY DETAILS

ACC SINGLE PRICE	116.15
INC SINGLE PRICE	103.77
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	£10.3 million

## TOP 15 HOLDINGS

DIPLOMA	5.5%
RELX	5.4%
ASHTED	5.3%
UNILEVER	4.4%
MICROSOFT	4.1%
BUNZL	4.0%
COMPASS	3.9%
EXPERIAN	3.9%
LVMH	3.9%
DIAGEO	3.8%
FERGUSON	3.7%
ASTRA ZENECA	3.5%
LONDON STOCK EXCHANGE	3.4%
DISCOVERIE	3.3%
CONVATEC	3.2%
<b>TOTAL</b>	<b>61.5%</b>

## GEOGRAPHICAL BREAKDOWN



■ UK ■ USA ■ Europe ■ Cash

COMPANY NEWS

During the month we exited two retail facing businesses, **JD Sports** and **Watches of Switzerland**, both of whom warned on profits, amid a more challenging outlook for consumers. We added **Cranswick** and **YouGov**, two businesses we know and have admired for a while.

**Cranswick** is a leading UK-based food manufacturer supplying premium pork, poultry, pet food and gourmet products to the UK supermarkets. They also supply the food service sector via operators such as McDonalds and Nando's. We think Cranswick is a high-quality operation and is well positioned to grow steadily over the medium to long term. The business has a strong competitive advantage, that has the potential to strengthen further as the business continues its vertical integration strategy. They are now 50% self-sufficient in the pig segment in which they operate. This allows Cranswick to ensure security of supply, and better control costs due to increasing scale. The strength of the underlying operations has delivered impressive long-term financial performance. Revenue, profit and dividends have all grown at a 10% CAGR over the last 30 years. The challenge moving forward will be to keep delivering on these impressive numbers, and to stay laser-focused on serving customers at competitive prices. In terms of future growth, this is likely to come from a mixture of organic growth via customer wins and increasing the spend of existing customers. M&A will also play a part, most likely via the purchase and integration of strategic assets in order to become more vertically integrated, whilst continuing to optimise operations.

The balance sheet is strong with Net Debt to EBITDA of 0.5x which demonstrates the cash generative nature of the business. Some forecasts suggest a net cash position by 2026 and there is no pension deficit. In terms of valuation the shares trade on a forward PE of 16x, a dividend yield of 2.2%, a FCF yield of 8%, with a ROIC of 17%. We view this as reasonable value for a high-quality operation that's well placed to grow revenue and profit modestly over the medium term.

The senior management team has many years of experience and we think this is critical for capital allocation decisions, and right sizing the business for future opportunities as circumstances dictate. Current CEO Adam Couch has been at Cranswick since 1991 and has worked in many areas of the business. He was appointed to the Board in 2003, became COO in 2011 and CEO in 2012. The CFO, Mark Bottomley has been in post since 2008. The fact that they have both been working together for c.16 years gives the business stability and continuity. This is particularly important in a period of expansion and development.



**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:

<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
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>	116.15p	£1,000	0.75%	1.00%	GB00BDRNX587	BDRNX58
<b>B Inc</b>	103.77p	£1,000	0.75%	1.00%	GB00BDRNX694	BDRNX69

\*please note the 1.00% 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.**

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