

FUND FACTSHEET

MAY 2024

at last valuation point in
May 2024 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

The UK equity market moved ahead over the month driven by a combination of falling inflation, improving UK economic data and increasing evidence that international investors are allocating capital to the UK equity market.

The major news during the month was the decision by the UK Prime Minister to call a general election which will take place on the 4th of July. Whilst the market was generally anticipating the election to be in the latter part of 2024 it was fairly sanguine in response as it anticipates the Labour party are likely to form a new government. Most of the polls estimate that Labour has a c.20 point lead over the Conservatives and is likely to achieve 43% of the vote with the Conservatives only managing some 23%.

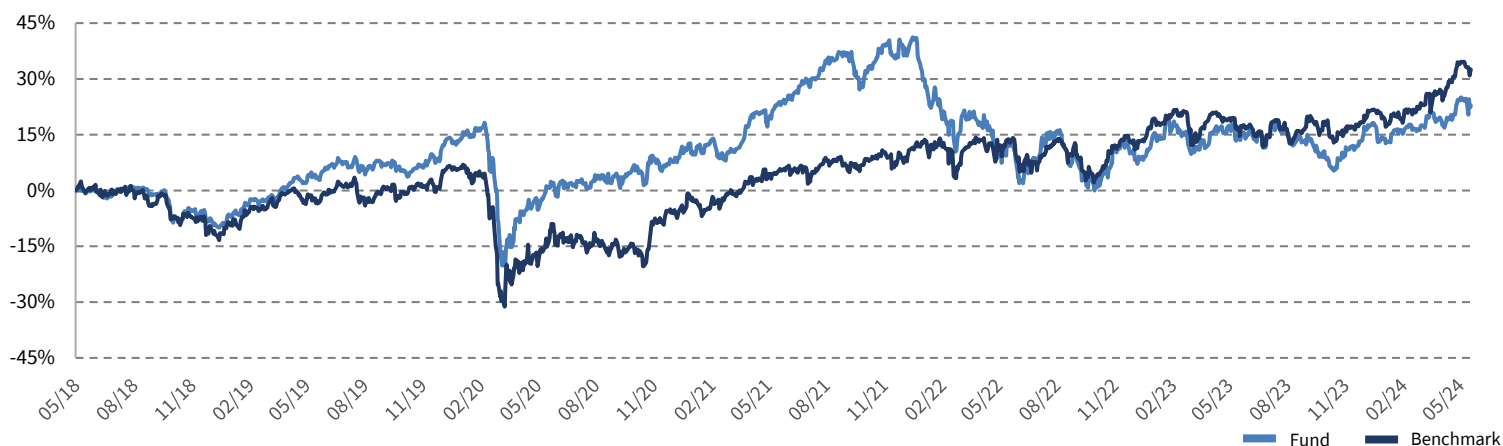
On the economic front, the UK economy returned to growth in the first quarter of 2024 and expanded by 0.6%, which was generally stronger than consensus expectations. Within this, the service sector grew by 0.7%, production grew by 0.8%, whilst construction fell by 0.9%. Encouragingly, UK CPI inflation fell meaningfully to 2.3% in April. Whilst this decline was less than consensus expectations of 2.1%, it was a big fall from 3.2% in March and the lowest headline inflation rate since September 2021. Service sector inflation remains sticky at 5.9%, making any rate cut hopes in June and in the middle of the general election campaign, appear remote. Looking forward, it is widely expected that inflation will continue to fall over the next few months and this should give the Bank of England the capacity to cut interest rates, possibly in August or later in the year. Economists anticipate that the BoE will potentially cut interest rates twice over the balance of 2024, leaving the rate at 4.75%. At its meeting in May, the MPC held interest rates at 5.25% with seven members voting in favour of holding rates whilst two voted for a 25bps cut.

In the eurozone, the ECB is more confident about the disinflationary path with wage growth moderating and economic activity showing signs of picking up. As a result it cut interest rates in early June by 25bps, its first reduction since 2019. The central banks in Canada, Switzerland and Sweden have all cut their interest rates over the last few weeks. In the US inflation is falling but service sector inflation also remains sticky. As a result the Federal Reserve could deploy only one interest rate cut in the latter part of 2024. However, this could change if the economy weakens in the second half of the year.

	YTD	6MTHS	1YR	3YR	5YR	LAUNCH
Fund	3.99	10.28	7.86	-0.10	18.79	22.85
Benchmark	8.07	13.95	13.44	10.48	28.89	23.13
IA Sector	8.79	13.84	15.57	26.53	37.32	32.52
Rank in Sector	217/234	211/234	204/232	160/224	176/214	130/210
Quartile	4	4	4	3	4	3

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 (%)



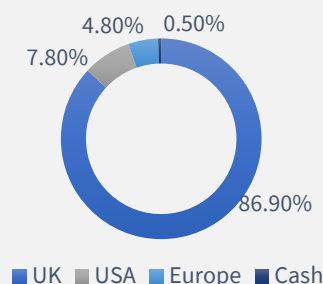
KEY DETAILS

ACC SINGLE PRICE	122.85
INC SINGLE PRICE	108.63
BENCHMARK	CBOE UK All Co's
IA SECTOR	UK All Co's
LAUNCH DATE	14 May 2018
HOLDINGS	34
PROSPECTIVE YIELD	2.2%
DIV EX DATES	1/5 & 1/11
DIV PAY DATES	30/6 & 31/12
FUND VALUE	£10.8 million

TOP 15 HOLDINGS

DIPLOMA	6.6%
MARKS & SPENCER	5.5%
RELX	4.9%
GSK	4.1%
CRANSWICK	3.9%
ASTRAZENECA	3.9%
FERGUSON	3.8%
COMPASS	3.8%
ASHTED	3.7%
UNILEVER	3.6%
BUNZL	3.5%
LONDON STOCK EXCHANGE	3.3%
CONVATEC	3.2%
EXPERIAN	3.2%
DISCOVERIE	3.0%
TOTAL	60.0%

GEOGRAPHICAL BREAKDOWN



COMPANY NEWS

Earlier in the year we initiated a new position in **Marks & Spencer**, and they issued Prelims during the month for the year ending 31.3.2024. Earnings demonstrate the significant transformation the business has made over the last few years under the newish management team. Revenue was +9%, operating profit +58% and EPS +42%. In addition, ROCE (Return On Capital Employed) increased from 10.6% to 14% and FCF (Free Cash Flow) was up substantially to £414m. The net debt position - excluding lease liabilities - has been reduced from £1.4bn five years ago to a net cash position of £46m. The business has now reported twelve consecutive quarters of sequential revenue growth which we think supports the notion that the business has implemented a substantial and hopefully sustainable transformation as it continues to position the business for the substantial growth opportunity it sees ahead. Thirty-two million people shopped with M&S in 2023 which is c.60% of the UK adult population. In addition, younger shoppers are being enticed back via a much improved and age-relevant clothing offering. We feel the management team are well placed to grow the business via new store openings and refurbishments. Stuart Machin, CEO since mid-2022, has great retail experience and previously worked with Chairman Archie Norman at Asda in the 1990s before it was sold to Walmart. In Archie Norman, M&S have arguably one of the best retailers in the UK along with Simon Wolfson at Next.

The valuation at 9x earnings for FY26, a free cash flow yield of 7%, and a FY24 price to sales of 0.5x does not adequately reflect the business today, let alone how the business might perform in the future. We absolutely accept that retail is competitive and fast paced but this transformation is real and underpinned by a relentless focus on the customer proposition. In addition, if the business keeps growing efficiently, it is possible that profits in the next few years could exceed £1 billion. This milestone was last achieved in 1997.

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	



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

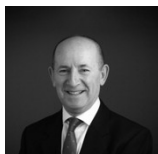
James joined the Ocean Fund at launch. He is a Chartered Fellow of the Securities Institute and is CEO of Fiske plc. He has over 26 years of experience.



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	122.85p	£1,000	0.75%	1.00%	GB00BDRNX587	BDRNX58
B Inc	108.63p	£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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