# Manager view

The UK equity market recorded modest gains in June 2025, reflecting cautious optimism among investors. External factors contributed, with oil prices rising marginally and sterling appreciating slightly against the dollar and the euro. Strong Q1 GDP growth and resilient consumer spending provided support, but persistent headwinds – rising costs, geopolitical uncertainties and weak business investment – kept market sentiment subdued. Investors are closely monitoring the Bank of England's monetary policy and inflation outlook, anticipating that interest rate cuts in the second half of 2025 could offer relief. Nevertheless, the equity market outlook remains cautious in light of modest growth prospects and ongoing structural challenges. The UK economy is experiencing steady but modest growth, with annual GDP projected to increase by 1.1-1.2% – a slight upgrade from earlier forecasts – driven by a stronger-than-expected first quarter. The service sector continues to lead expansion, while manufacturing and construction show only marginal progress. Business investment rebounded notably early in the year, but elevated labour costs and global trade tensions, particularly around US tariffs, are dampening sentiment and may hinder future investment and exports. Core inflation, currently at 3.5%, is expected to ease later in 2025. The Bank of England's Monetary Policy Committee held interest rates at 4.25% in June but is widely expected to implement two rate cuts in the second half of the year.

**Michael Foster**
Lead Portfolio Manager

Michael launched the Ocean Equity Fund in May 2018. He holds the Investment Management Certificate (IMC) and has managed extensive private investments since 2011.

## Discrete performance

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| **Fund** | **3.42%** | **8.67%** | **-22.63%** | **27.74%** | **-2.40%** | **24.04%** |
| IA Sector | 7.87% | 7.38% | -9.06% | 17.25% | -6.01% | 22.24% |
| Rank in Sector | 200/225 | 79/231 | 202/228 | 9/222 | 53/217 | 80/209 |
| Quartile | 4 | 2 | 4 | 1 | 1 | 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.

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# Company news

## Halma

Halma, a global group of life-saving technology companies, announced its preliminary full-year results for the 12 months ending March 31 2025, marking its 22nd consecutive year of record profit and 46th year of dividend growth of 5% or more. Management reported strong revenue and profit growth, driven by the business's Sustainable Growth Model, which leverages a diverse portfolio and long-term growth drivers in safety, health and environmental markets. The operating profit margin reached 21%, aligning with the company's target range, while cash conversion was robust at 103%, surpassing the 90% target. Strategic investments included £107.2 million in R&D (5.3% of revenue) and £292 million in eight acquisitions, supported by a strong balance sheet with a net debt/EBITDA ratio of 1.4x.

The results highlight Halma's ability to deliver consistent through-cycle growth via its purpose-driven strategy, as articulated by Chief Executive Marc Ronchetti. Broad-based revenue growth was achieved across all sectors and regions, with acquisitions contributing 5% to revenue and 7.6% to profit growth. The company's focus on non-discretionary, sustainability-related demand continues to drive robust performance – although some sectors, such as healthcare, face budget constraints. A proposed final dividend of 14.12p per share, combined with an interim dividend of 9.00p, totals 23.12p – up 7% from the previous year. With a healthy acquisition pipeline and strong cash flow, Halma is well positioned for continued growth. Its high valuation (forward P/E ratio of 26) reflects market expectations for sustained execution, with little room for missing lofty expectations. However, it is worth noting that Halma has historically traded at premium valuations – often 25-35x earnings – due to its consistent growth profile for over 20 years.

## Telecom Plus

Telecom Plus, trading as Utility Warehouse, announced its preliminary results for the year ending March 31 2025, demonstrating robust performance with record profits and dividends despite a challenging economic environment. The company achieved a 15% increase in customer numbers, reaching 1,163,608 (up from 1,011,489 in FY24), including 25,000 fixed-line and broadband customers acquired from TalkTalk, with organic growth of 12.6%. Revenue fell to £2.4 billion from £2.7 billion, due to a normalised energy market, but gross profit increased by 0.8% to £486 million. The company's multiservice model – bundling energy, broadband, mobile and insurance – provides competitive pricing and high-quality service. Additionally, Telecom Plus earned "Which? Recommended Provider" status for both Energy and Broadband, an industry first, reinforcing its strong customer proposition and competitive market position. These results reflect Telecom Plus's resilient, capital-light and cash-generative business model, which leverages a unique word-of-mouth distribution strategy through the company's partner network, growing to 71,710 from 68,251. Management has set a medium-term goal of reaching two million customers, supported by innovations such as a market-leading EV tariff and a Full Fibre 900 broadband product. These initiatives highlight the company's adaptability and ambition in a competitive market.

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www.waystone.com/ourfunds/waystone-fund-services-uk-limited/ocean-investment-funds/

**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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