

Manager view

The UK equity market rose in July, with the FTSE 100 reaching an all-time high above 9,100 before slightly retreating in early August. The index remains up over 10% year to date. Top-performing sectors included energy, healthcare and consumer staples, reflecting the ongoing resilience of defensive stocks. However, weaker-than-expected earnings from heavyweights such as AstraZeneca and Shell weighed on the index towards the end of July. Investor sentiment was bolstered by greater clarity on global trade following new US trade deals and the Bank of England's decision to cut interest rates by 25 basis points in early August, further supporting market optimism.

Economically, the UK continues to face challenges. Inflation stood at 3.6% in June, well above the Bank of England's 2% target. GDP growth remains subdued, with forecasts projecting only 1% annual expansion for 2025 and 2026, lagging behind major European peers. The labour market has softened, with unemployment rising to 4.7% and job vacancies declining sharply, particularly in manufacturing and construction. Consumer confidence remains fragile, though household savings are increasing. Corporate insolvencies are rising, especially in sectors such as automotive and chemicals. With inflation likely to remain above target in the medium term, subdued private sector momentum and potential for further trade disruptions, the economic outlook remains cautious, despite the equity market's strong headline performance.

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.



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.

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Company news

Relx

Relx, a global provider of information-based analytics and decision tools, reported robust interims for the first half of FY25. Revenue grew 7% to £4.7 billion, operating profit rose by 9% to £1.6 billion, and earnings per share advanced 10%. This strong growth was driven by a strategic focus on high-growth analytics and decision tools across the company's Risk, Scientific, Technical & Medical and Legal divisions. Management also announced a 7% increase in Relx's interim dividend, reflecting confidence in the business's financial outlook. The company maintained a solid net debt-to-EBITDA ratio of 2.2x and achieved 100% cash flow conversion, further strengthened by completing three acquisitions for £262 million alongside two disposals.

Erik Engstrom – CEO since 2009 and, importantly, at Relx since 2004 – highlighted the higher-quality growth profile in 2025 compared to 2024, with notable strength in the Risk division, continued momentum in Scientific, Technical & Medical, a step-up in Legal and sustained growth in Exhibitions. The company's operating margin improved to 34.8% from 34.1% the previous year – an improvement attributed to a strategy of managing cost growth below revenue growth through continuous process innovation and optimisation via tools such as AI adoption. Management reaffirmed its full-year outlook, expecting another year of strong growth in revenue and operating profit. Relx's advancements in AI, such as Lexis+ AI and Protege, continue to enhance customer value, positioning the business to capitalise on evolving market trends and demands while navigating risks such as regulatory changes and cybersecurity challenges.

Howden Joinery

Howden Joinery, the UK's leading specialist trade kitchen and joinery supplier, reported better-than-expected interim results for the first half of FY25. Shares rose c.10% in response to the investor update. Revenue increased by 3.2% to £991 million, driven by market share gains despite a challenging UK kitchen market. International operations in France, Belgium and Ireland saw a stronger 17% revenue increase to £35.2 million. Profit grew by 4.4% to £117 million, supported by a 1% price increase implemented at the start of the year. The company's strategic initiatives, including the opening of 13 new UK depots and the reformatting of 37 existing ones, alongside well-executed promotions, contributed to a strong close to the period.

Howden remains confident in achieving its FY25 outlook, with trading in the second half starting in line with expectations. The company plans to open approximately 25 new UK depots and repurpose around 60 older ones to enhance its offering and deepen its competitive position. It is also investing in new kitchen ranges and UK manufacturing capacity. Despite anticipating continued market contraction, CEO Andrew Livingston emphasised the strength of Howden's trade-only, in-stock model, which supports small builders with high-quality products and industry-leading stock availability at 99.8%. The company's robust financial position, with £321 million of cash on the balance sheet, supports ongoing investments and the continuation of the £100 million share buyback programme announced in February 2025, reflecting confidence in sustainable profitable growth and market share gains.

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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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