

# TB Saracen UK Alpha Fund

December 2018

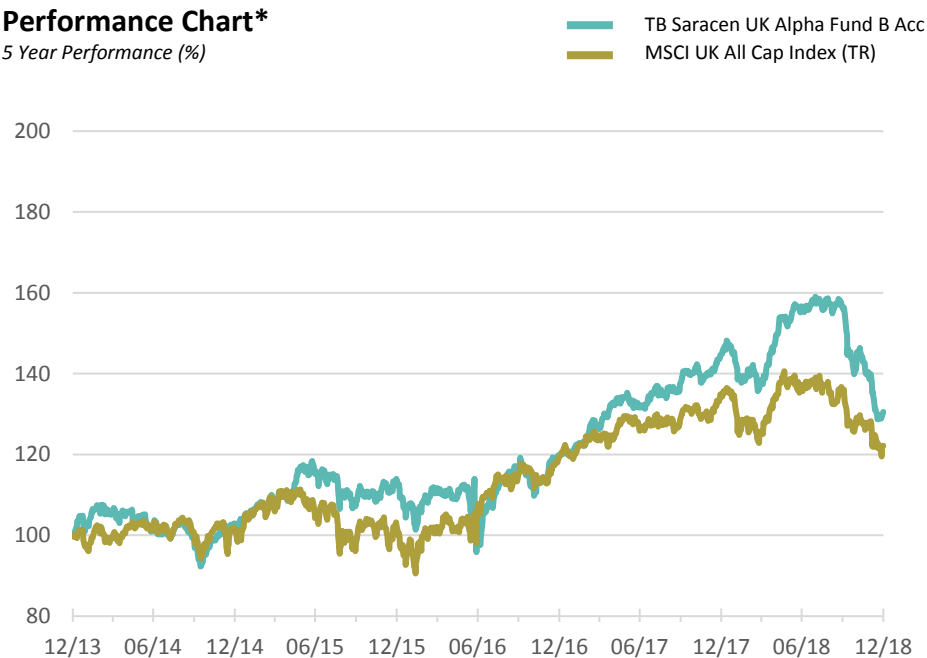
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share success

## Fund Overview

- Objective: to achieve a higher rate of return than the MSCI UK All Cap Index by investing in a portfolio of primarily UK equity securities with the potential for long term growth.
- The portfolio has a bias towards small and medium sized companies and a high active share compared to the benchmark.
- The fund has significant capacity and liquidity at a competitive annual charge.
- Since launch in March 1999, the fund has outperformed its benchmark in 16 out of 20 years and in 8 out of the last 10 calendar years.
- A concentrated portfolio of 25-35 holdings, with a focus on capital growth, backed by the Saracen research process.

## Performance Chart\*

5 Year Performance (%)



\*Source: Bloomberg, as at 31<sup>st</sup> December 2018

Total Return, Bid to Bid, GBP terms. 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.

## Cumulative Performance after all charges to 31 December 2018

	1 month	3 months	1 year	3 years	5 years	Since launch*
<b>TB Saracen UK Alpha B Acc</b>	-5.8%	-16.7%	-9.7%	14.9%	30.6%	582.2%
<b>MSCI UK All Cap Index (TR)</b>	-3.9%	-10.6%	-9.8%	19.7%	20.3%	
<b>Sector Average</b>	-4.7%	-12.5%	-11.2%	12.2%	18.4%	150.0%
<b>Quartile Ranking</b>	4	4	2	2	1	1

Source: Financial Express; \*launch date 05 March 1999

Sector: IA Sector (UK All Companies)

### FOR PROFESSIONAL INVESTORS ONLY

Retail investors should consult their financial advisers

### FUND DETAILS

(as at 31<sup>st</sup> December 2018)

**Fund size:** £10m  
**Launch date:** 05/03/99

**No. of holdings:** 32  
**Active share:** 95%  
*Source: Bloomberg*

**Denomination:** GBP

**Valuation point:** 12 noon

### Fund prices:

**A Accumulation: 419.80p**  
**B Accumulation: 682.22p**

Policy is not to charge a dilution levy except in exceptional circumstances.

### ACD:

**T. Bailey Fund Services Limited**



**Scott McKenzie**  
Fund Manager

**Scott McKenzie** joined Saracen in August 2014.

Scott had been deputy manager of the fund since August 2014 and was appointed lead manager in June 2017. He has over 25 years' experience managing UK equity funds.

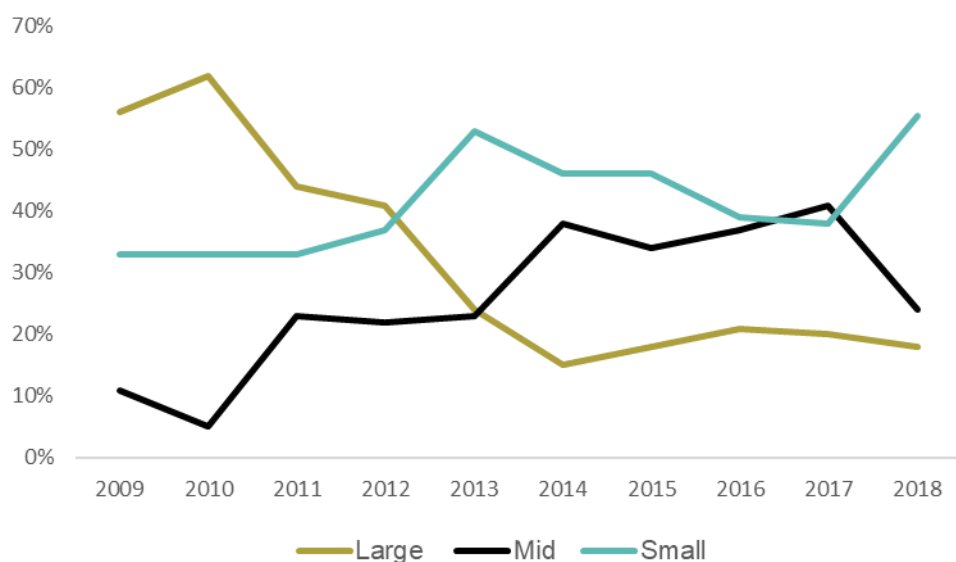


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## Fund Breakdown by Market Capitalisation



Data as of 31<sup>st</sup> December 2018, Source: Saracen Fund Managers

## Monthly Commentary

### Performance

It was a very poor end to 2018 with the Fund falling by 5.8% in December against a decline in the MSCI UK All Cap index of 3.9%. The Brexit saga continues to impact many of our mid and smallcap investments with our high weightings in consumer and industrial stocks particularly badly affected. The Fund fell by 9.7% during 2018 which was in line with the main UK index. However, this was a very disappointing outcome given the positive returns we had enjoyed up until September.

### Positives

In such a weak market, the winners were few and far between. Two of our smaller companies, Palace Capital and discoverIE produced pleasing results and managed to rise in value whilst Dialight rallied from a low base on restructuring progress. Rio Tinto benefitted from low UK exposure and solid metals pricing.

### Negatives

Anything that was consumer exposed or deemed to be cyclical was hammered. Tyman, Synthomer and TI Fluid fell sharply as did many industrial businesses. There was another dismal warning from Superdry and Clipper Logistics was also caught in the retail sector crossfire, with the Asos profit warning having an impact. The holding in Wood Group suffered again from weak oil markets despite a solid update whilst Galliford had a big downward lurch, not helped by a sudden, poorly supported rights issue from another contractor, Kier Group. Restore continued to fall steadily, not helped by the surprise retiral of their long-standing CEO.

### Portfolio Activity

Two new financial services holdings were purchased, Mattioli Woods and Intermediate Capital. Both are strong businesses we have admired for some time and now offer good value in weak markets. Our large holding in Shire was sold prior to the takeover completion and we added to numerous oversold stocks including Clipper, Tyman, Restore, Synthomer and Wood Group, leaving 2% in cash.

## December – Attribution \*

Top Contributors	Positive
Palace Capital	+0.41%
Dialight	+0.21%
DiscoverIE	+0.19%
Rio Tinto	+0.12%
Alpha FMC	+0.11%
Top Detractors	Negative
Superdry	-1.00%
Wood Group	-0.83%
Restore	-0.71%
Clipper Logistics	-0.53%
TI Fluid Systems	-0.42%

\*Source: Bloomberg as at 31/12/18

## Fund Breakdown

Top 10 Holdings	
Alpha FMC	5.4%
Palace Capital	4.9%
Rio Tinto	4.8%
Standard Life Aberdeen	4.7%
Prudential	4.5%
MJ Gleeson	4.3%
Wood Group	4.0%
Tyman	4.0%
Restore	3.8%
RPC Group	3.8%

Sector breakdown	
Industrials	35.0%
Financials	25.3%
Consumer Goods	16.5%
Basic Materials	8.2%
Consumer Services	6.7%
Oil & Gas	4.0%
Telecoms	1.9%
Healthcare	0.0%
Technology	0.0%
Utilities	0.0%

	ISIN	SEDOL	Bloomberg	EMX	Initial Charge	Annual * Charge	Ongoing ** Charge
B Acc Shares	GB0005711196	0571119	SFMGRBA LN	SARGFB	0%	0.75%	1.20%

\* reduced from 1.00% as at 3/4/18, \*\* Source: T Bailey Fund Services Ltd.

**To place a deal or for further information contact:**

T. Bailey Fund Services Limited (TBFS)  
64 St. James's Street  
Nottingham  
NG1 6FJ

General Enquiries: 0115 988 8200  
Dealing Line: 0115 988 8274  
E-mail Dealing: [clientservices@tbailey.co.uk](mailto:clientservices@tbailey.co.uk)

(Phone and email deals will only be accepted on completion of initial account set up and by prior agreement with TBFS)

T. Bailey Fund Services Limited is authorised and regulated by the Financial Conduct Authority (No. 190293).

**Platform Partners**



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**Risk factors you should consider before investing:**

The value of investments and the income from them may go down as well as up and you may get back less than the amount invested. **Past performance is not a guide to future performance.** A full list of the risks applicable to this Fund can be found in the Prospectus. All fund performance figures calculated on a single price basis. This Fund may not be appropriate for investors who plan to withdraw their money in the short-term (within 5 years). The Fund should be viewed as a medium to long-term investment only.

**Investment Manager:**

Saracen Fund Managers Ltd, 19 Rutland Square, Edinburgh, EH1 2BB. Tel: 0131 202 9100 and on-line at [www.saracenfundmanagers.com](http://www.saracenfundmanagers.com). Saracen Fund Managers Limited is authorised and regulated by the Financial Conduct Authority. Registered in Scotland No. 180545.

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**Regulatory Status:**

FCA Recognised: Yes  
Scheme Type: OEIC (UCITS)

**Issue date – 31<sup>st</sup> December 2018**