

# TB Saracen UK Income Fund

May 2019

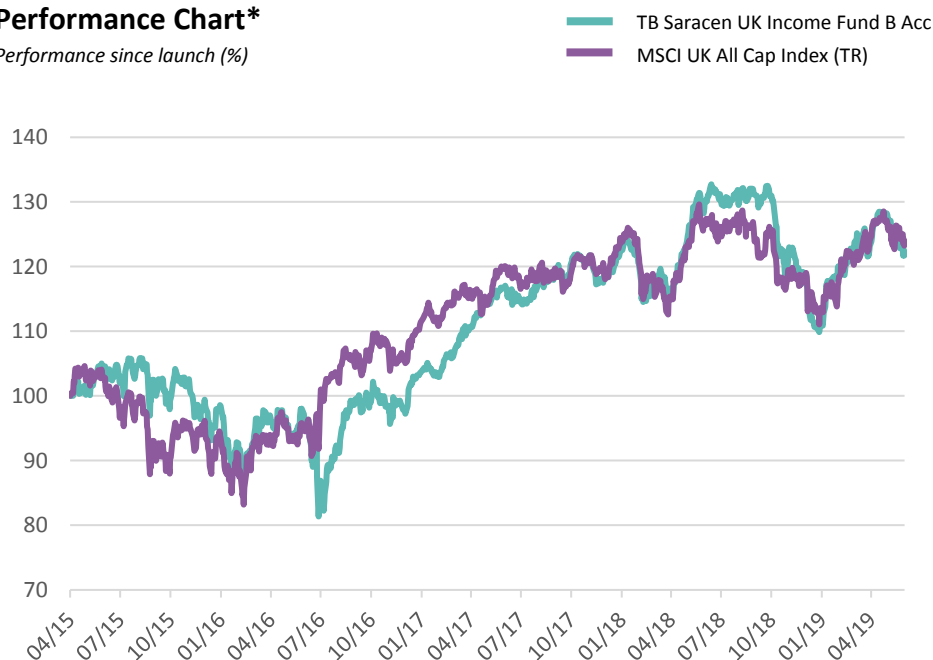
**SARACEN**  
share success

## Fund Overview

- Objective: to provide income exceeding 110% of the dividend income of the MSCI All Cap index and an overall return (income plus capital growth) which is superior to that index. At least 80% of the fund will be invested in the shares of UK companies.
- 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.
- The investment philosophy is value-based, combining high yield and superior dividend growth strategies.
- A concentrated portfolio of 25-35 holdings, with a focus on high and growing dividend income.

## Performance Chart\*

Performance since launch (%)



\*Source: Bloomberg, as at 31<sup>st</sup> May 2019

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<sup>st</sup> May 2019

	1 month	3 months	1 year	3 years	Since launch*
<b>TB Saracen UK Income B Acc</b>	-4.9%	-0.6%	-5.7%	25.2%	21.7%
<b>MSCI UK All Cap Index (TR)</b>	-2.9%	2.5%	-3.2%	28.7%	24.9%
<b>Sector Average</b>	-3.8%	1.0%	-5.2%	17.1%	17.4%
<b>Quartile Ranking</b>	3	3	2	1	2

Source: Financial Express; \* launch date 01 April 2015

Sector: IA Sector (UK Equity Income)

## FOR PROFESSIONAL INVESTORS ONLY

Retail investors should consult their financial advisers

### FUND DETAILS

(as at 31<sup>st</sup> May 2019)

**Fund size:** £3.2m  
**Launch date:** 01/04/15

**Historic yield:** 5.2%

**No. of holdings:** 33  
**Active share:** 88%

Source: Bloomberg

**Denomination:** GBP

**Valuation point:** 12.00 noon

**XD date:** 2 Jan  
 1 July

**Pay date:** 28/29 Feb  
 31 Aug

### Fund prices:

**B Accumulation:** 121.71p  
**B Distribution:** 101.11p

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 and has managed the fund since launch. He has over 25 years' experience managing UK equity funds.

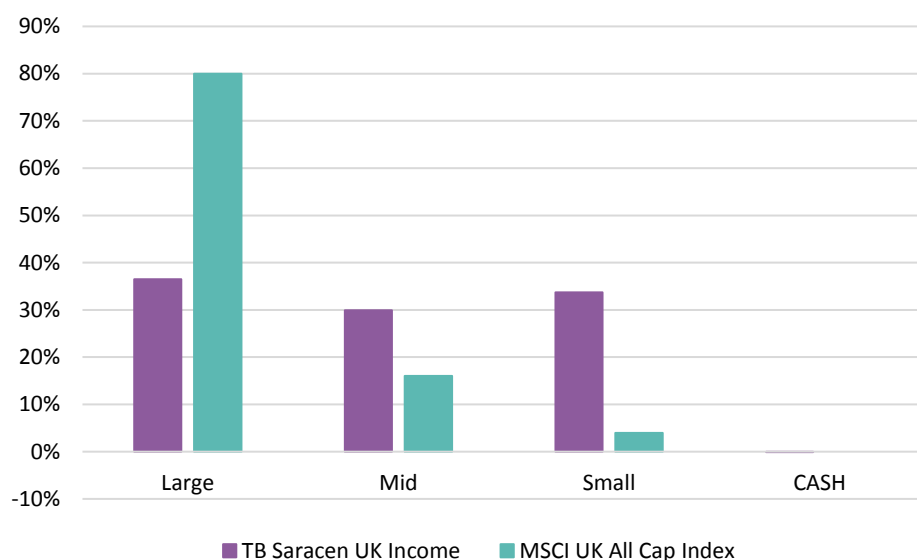


# TB Saracen UK Income Fund

May 2019



## Fund Breakdown by Market Capitalisation



Data as of 31<sup>st</sup> May 2019, Source: Saracen Fund Managers

## Monthly Commentary

### Performance

The Fund had a disappointing May, falling by 4.9%, in comparison to the fall in the MSCI UK All Cap index of -2.9%. The key driver of the results was the ongoing divergence between value and growth styles in markets to the detriment of value, where the Fund's process and investments are largely concentrated. We strongly believe that some of these dislocations between styles that we are now seeing are not sustainable.

### Positives

In a month with little to write home about, Intermediate Capital was a highlight, producing excellent final results and rising by 11%. There was some respite in Galliford Try which bounced 15% in response to some bid talks with Bovis. We await further developments here. Headlam also continued its recent recovery, rallying by 10% on an encouraging trading statement.

### Negatives

The large holding in Imperial Brands reacted badly to what we thought were in-line results and fell by 20%. The other laggards were dominated by stocks deemed to be more cyclical in a market increasingly concerned about trade wars and fears of recession. Synthomer, Wood Group and TI Fluid Systems all suffered from risk aversion in their sectors whilst Palace Capital continued to drift in a real estate sector where concerns about Brexit remain. Our two banks, Lloyds and Close Brothers were weak with falling bond yields seen as a poor leading indicator for future returns.

### Portfolio Activity

We continued to add to our recent investment in DS Smith and also bought more Galliford Try after a prolonged period of weakness. Some profit was taken in DiscoverIE which is now one of the lowest yielding stocks held in the portfolio. The Fund remains fully invested and continues to offer a dividend yield far greater than that available from the main UK market.

## May – Attribution \*

Top Contributors	Positive
Galliford Try	+0.35%
Intermediate Capital	+0.22%
Headlam	+0.20%
Gateley	+0.04%
Rio Tinto	+0.01%
Top Detractors	Negative
Imperial Brands	-0.70%
Wood Group	-0.48%
TI Fluid Systems	-0.42%
Synthomer	-0.38%
Palace Capital	-0.37%

\*Source: Bloomberg as at 31/5/19

## Fund Breakdown

Top 10 Holdings	
Alpha FMC	5.0%
Lloyds Banking	5.0%
Standard Life Aberdeen	4.9%
Aviva	4.7%
Gateley	4.0%
Imperial Brands	3.9%
Tyman	3.7%
Palace Capital	3.7%
DS Smith	3.4%
BHP	3.2%

Sector breakdown	
Financials	31.2%
Industrials	23.0%
Consumer Goods	15.8%
Consumer Services	15.2%
Basic Materials	9.3%
Oil & Gas	5.6%
Healthcare	0.0%
Telecoms	0.0%
Technology	0.0%
Utilities	0.0%

	ISIN	SEDOL	Bloomberg	EMX	Initial Charge	Annual Charge	Ongoing** Charge
B Acc Shares	GB00BW9H1K24	BW9H1K2	BBG008D4LJ68	SARUKIFACC33	0%	0.50%	1.36%
B Dis Shares	GB00BW9H1L31	BW9H1L3	BBG008D4LJF8	SARUKIFDIS33	0%	0.50%	1.36%

\*\* 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



### Important information:

This information should not be construed as an invitation, offer or recommendation to buy or sell investments, shares or securities or to form the basis of a contract to be relied on in any way and is by way of information only. Taxation levels, benefits and reliefs may all vary depending on individual circumstances and are subject to change. The historic yield reflects distribution payments declared by the fund over the previous year as a percentage of its share price. This document represents the views of Saracen Fund Managers Limited at the time of writing. Subscriptions will only be received, and shares issued on the basis of the current Prospectus, Key Investor Information Document (KIID) and Supplementary Information Document (SID). These are available, in English, together with information on how to buy and sell shares, on-line at: [www.tbaileys.co.uk](http://www.tbaileys.co.uk).

### 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> May 2019**