

# TB Saracen UK Income Fund

October 2019

**SARACEN**  
share success

Signatory of:

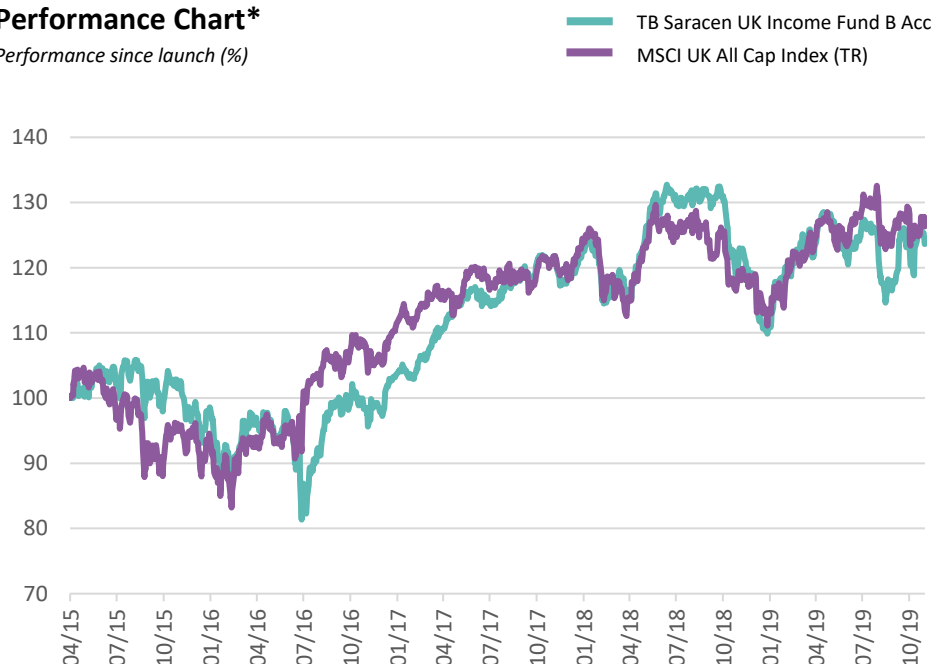


## Fund Overview

- 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> October 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> October 2019

	1 month	3 months	1 year	3 years	Since launch*
<b>TB Saracen UK Income B Acc</b>	-1.2%	-0.5%	2.1%	25.8%	23.6%
<b>MSCI UK All Cap Index (TR)</b>	-1.5%	-2.5%	6.0%	18.3%	28.3%
<b>Sector Average</b>	0.0%	-0.2%	5.6%	14.4%	21.8%
<b>Quartile Ranking</b>	4	3	4	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> October 2019)

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

**Historic yield:** 5.2%

**No. of holdings:** 31  
**Active share:** 89%

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:** 123.62p  
**B Distribution:** 100.05p

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

### ACD:

**T. Bailey Fund Services Limited**

**Scott McKenzie**  
Fund Manager

**David Clark**  
Fund Manager



**Scott McKenzie** joined Saracen in August 2014 and has managed the fund since launch. **David Clark** joined the team in March 2019. Both David and Scott have over 25 years' experience managing UK equity funds.

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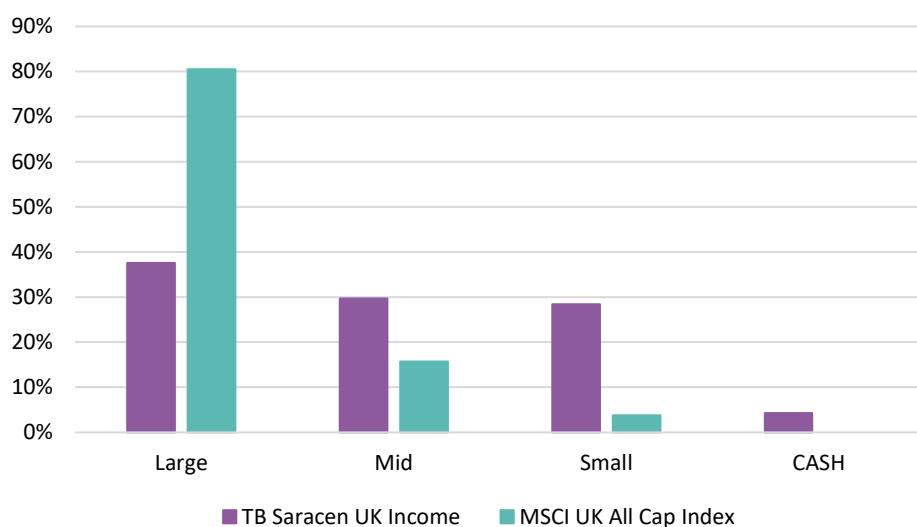
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## Fund Breakdown by Market Capitalisation



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

## Monthly Commentary

### Performance

The Fund had a sluggish October, falling by 1.2%, which was a little better than the 1.5% decline in the MSCI UK All Cap Index but behind the peer group funds. It was an incredibly volatile month with wild swings between value and growth styles as well as huge variances between mid and largecap stocks in the UK, fuelled by the ongoing Brexit saga and a strong rally in sterling. Whilst the trends were broadly helpful for the portfolio, given our bias towards mid and smallcaps, a few of our more cyclical stocks continued to struggle.

### Positives

Our large weighting in financials was helpful, benefitting from hopes of a Brexit resolution and higher bond yields. We saw good gains in Lloyds, Aviva, Palace Capital, NewRiver and Standard Life Aberdeen. The latter continues to successfully realise the large value inherent in their Indian investments. Construction stocks also fared well as Brexit hopes rose, with Bovis and Eurocell rising by 5% and Galliford Try by 9%, with the latter still in talks with Bovis.

### Negatives

The main laggard was Synthomer, which fell 13% on a profit warning on Europe. Having bounced in September, U&I, TI Fluid Systems and Tyman drifted backwards whilst Imperial Brands and Wood Group continued to struggle post recent disappointing reports. Alpha FMC also fell again, with profit momentum having slowed a little of late.

### Portfolio Activity

The holding in Kin & Carta was sold as its dividend growth prospects now look fairly subdued. We reduced the position in Lloyds after a good recovery in the price and added to the small holding in Halfords. Our income position remains healthy and the Fund continues to offer a substantial historic dividend yield of 5.2%. We currently have 4% of the portfolio held in cash.

## October – Attribution \*

Top Contributors	Positive
Galliford Try	+0.34%
Standard Life Aberdeen	+0.27%
Lloyds Banking	+0.21%
Aviva	+0.16%
NewRiver REIT	+0.16%
Top Detractors	Negative
Synthomer	-0.49%
U&I Group	-0.37%
Tyman	-0.30%
Alpha FMC	-0.29%
Imperial Brands	-0.28%

\*Source: Bloomberg as at 31/10/19

## Fund Breakdown

Top 10 Holdings	
Standard Life Aberdeen	4.9%
Aviva	4.8%
DS Smith	4.5%
Lloyds Banking	4.5%
Imperial Brands	4.4%
Gateley	4.1%
Alpha FMC	4.0%
Galliford Try	3.9%
Palace Capital	3.8%
Close Brothers	3.7%

Sector breakdown	
Financials	34.9%
Industrials	18.5%
Consumer Goods	16.8%
Consumer Services	11.4%
Basic Materials	9.2%
Oil & Gas	5.0%
Healthcare	0.0%
Telecoms	0.0%
Technology	0.0%
Utilities	0.0%

	ISIN	SEDOL	Bloomberg	EMX	Initial Charge	Annual Charge	Ongoing**
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> October 2019