

# TB Saracen UK Income Fund

December 2019

**SARACEN**  
share success

Signatory of:

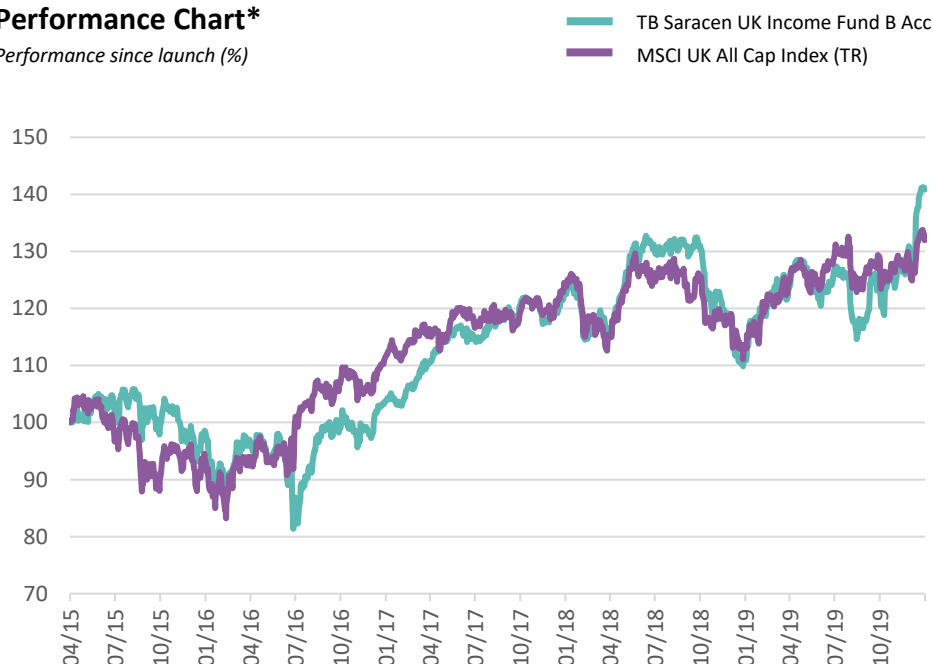


## Fund Overview

- 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> December 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> December 2019

	1 month	3 months	1 year	3 years	Since launch*
<b>TB Saracen UK Income B Acc</b>	7.6%	12.6%	26.2%	35.9%	40.8%
<b>MSCI UK All Cap Index (TR)</b>	3.2%	3.7%	18.3%	20.7%	35.2%
<b>Sector Average</b>	4.0%	7.2%	20.1%	19.6%	30.5%
<b>Quartile Ranking</b>	1	1	1	1	1

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> December 2019)

**Fund size:** £3.6m  
**Launch date:** 01/04/15

**Historic yield:** 5.0%

**No. of holdings:** 29  
**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:** 140.82p  
**B Distribution:** 113.97p

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.

# TB Saracen UK Income Fund

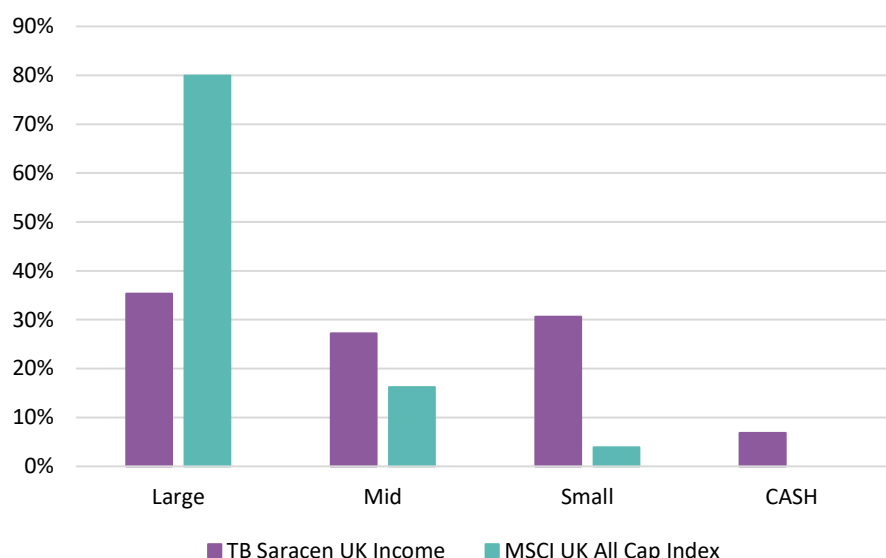
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## Fund Breakdown by Market Capitalisation



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

## Monthly Commentary

### Performance

The Fund enjoyed a strong end to the year, rising by 7.6%, which was well ahead of the MSCI UK All Cap Index return of 3.2%. This meant that 2019 was a pleasing year overall, with the Fund returning 26.2%, well ahead of the main index and peer group funds. The clear Conservative majority in the election was very helpful for our portfolio, which has significant exposure to mid and smallcap companies and a bias towards domestic earnings. The mid and smallcap indices rose by 5.4% and 6.1% respectively in December, whilst the FTSE100 lagged a little, rising by 2.8%.

### Positives

It was a month when almost everything went our way, with 12 stocks rising by more than 10%. The key theme was a heavy bias to UK domestic sectors with stocks such as Galliford, Palace Capital, Gateley, Headlam, Ibstock and U&I all making material contributions. Both TI Fluid and Synthomer recovered after recent weaker trading and jumped by 17% and 16% respectively. It was also pleasing to see Alpha FMC respond positively to good results, with the shares up 19%.

### Negatives

It is a rare month indeed when there are no disappointments but December was one of those, with Superdry and Royal Dutch Shell the only stocks held which failed to rise in value.

### Portfolio Activity

Despite the excitement around the election our activity was limited, with the existing portfolio in a good place to benefit from the changing trends. After a significant post-election bounce the holding in Ibstock was sold at a meaningful profit. We also reduced exposure to TI Fluid Systems. 2019 was a year of strong income generation with a final dividend of 3.22p being paid, which represents an increase in dividends to shareholders of 9% for 2019 overall. The Fund now offers a historic dividend yield of 5.0%. Post the XD on 2<sup>nd</sup> January we currently have 4% of the portfolio held in cash.

## December – Attribution \*

Top Contributors	Positive
Galliford Try	+0.69%
Alpha FMC	+0.44%
Gateley	+0.40%
Palace Capital	+0.39%
Synthomer	+0.35%
Top Detractors	Negative
Superdry	-0.02%
Royal Dutch Shell	-0.02%

\*Source: Bloomberg as at 31/12/19

## Fund Breakdown

Top 10 Holdings	
Galliford Try	5.8%
Gateley	4.5%
Alpha FMC	4.5%
Lloyds	4.4%
Aviva	4.4%
DS Smith	4.3%
Imperial Brands	4.2%
Standard Life Aberdeen	4.2%
Palace Capital	3.9%
Close Brothers	3.8%

Sector breakdown	
Financials	33.6%
Industrials	18.0%
Consumer Goods	16.4%
Consumer Services	10.9%
Basic Materials	9.5%
Oil & Gas	4.8%
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> December 2019