

# TB Saracen UK Income Fund

February 2020

**SARACEN**  
share success

Signatory of:

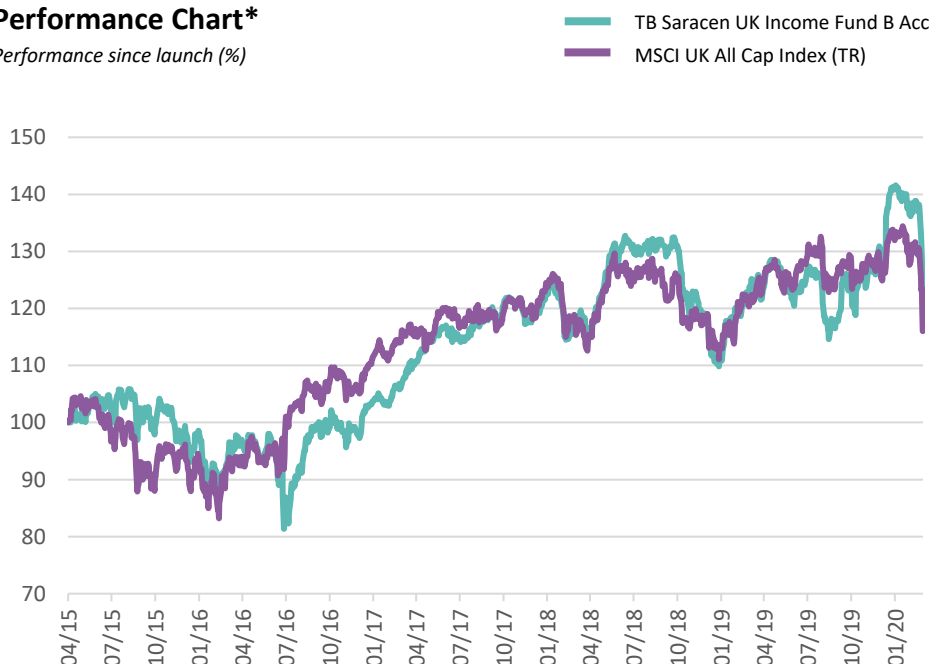


## Fund Overview

- 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 28<sup>th</sup> February 2020

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 28<sup>th</sup> February 2020

	1 month	3 months	1 year	3 years	Since launch*
<b>TB Saracen UK Income B Acc</b>	-11.5%	-7.7%	-1.4%	13.5%	20.8%
<b>MSCI UK All Cap Index (TR)</b>	-9.0%	-9.2%	-2.3%	3.3%	19.0%
<b>Sector Average</b>	-9.5%	-8.4%	-1.0%	2.6%	15.0%
<b>Quartile Ranking</b>	4	2	3	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 28<sup>th</sup> February 2020)

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

**Historic yield:** 6.0%

**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:** 120.77p  
**B Distribution:** 94.98p

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

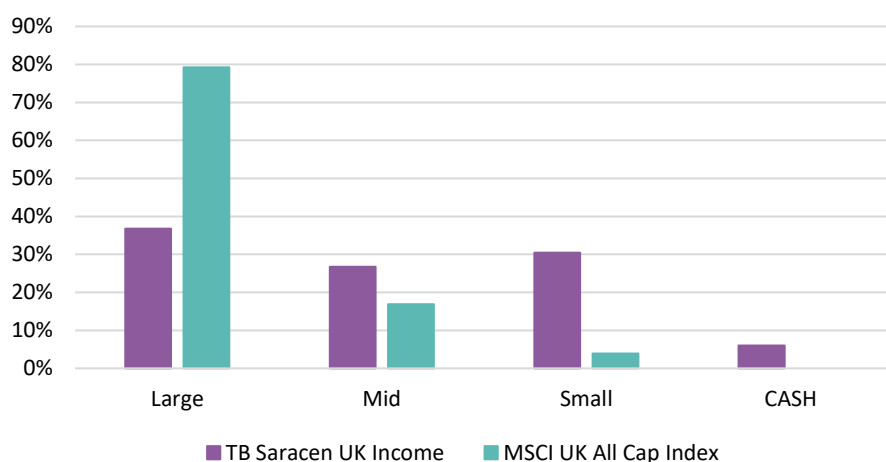
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## Fund Breakdown by Market Capitalisation



Data as of 28<sup>th</sup> February 2020, Source: Saracen Fund Managers

## Monthly Commentary

### Performance

February was a difficult month for global markets with the escalating coronavirus leading to dramatic falls across the board. The Fund fared poorly, falling by 11.5% and lagging the UK index return of -9.0%. Most of the damage was done towards the end of the month with the positive returns of 2019 looking somewhat dim and distant for now. There were very few places to hide with all styles and sizes of company affected.

### Positives

In such difficult circumstances we had no positives to report, with STV the only stock in the portfolio which managed a small increase in value.

### Negatives

The poor performers were numerous and any earnings disappointments were severely punished. WPP was notable in this respect, falling by more than 20% on reduced 2020 guidance. Imperial Brands continued with its trend of small downgrades and fell another 17% whilst Jupiter fell 22% in weak markets, despite an initially positive response to the Merian deal. Financials in general were poor with weaker markets and falling bond yields taking their toll – this was a major negative for the Fund given our high exposure overall, with Aviva, Close Brothers and our real estate stocks all seeing double digit declines. Both Rio Tinto and BHP were impacted by the impact of the virus on the Chinese economy whilst some of our smaller companies were hit hard for no obvious reason, including Alpha FMC (-16%) and Gateley (-17%). We would expect both to recover in due course.

### Portfolio Activity

We added to some existing holdings, including Halfords, Wood Group, Close Brothers, Rio Tinto and National Express. The Fund currently offers a historic dividend yield of 6% which is extreme relative to its history. 6% of the portfolio was held in cash at the month end and this has since been deployed, leaving the Fund fully invested again after the recent market falls.

## February – Attribution \*

Top Contributors	Positive
STV	+0.01%
Top Detractors	Negative
Gateley	-0.72%
WPP	-0.62%
Imperial Brands	-0.56%
Alpha FMC	-0.54%
Jupiter Fund Management	-0.52%

\*Source: Bloomberg as at 28/2/20

## Fund Breakdown

Top 10 Holdings	
Vistry Group	4.9%
DS Smith	4.4%
Aviva	4.0%
Imperial Brands	3.9%
Phoenix	3.9%
Standard Life Aberdeen	3.8%
Lloyds Banking	3.8%
Gateley	3.8%
STV	3.8%
Wood Group	3.7%

Sector breakdown	
Financials	32.6%
Industrials	16.4%
Consumer Goods	15.2%
Consumer Services	13.6%
Basic Materials	9.5%
Oil & Gas	7.2%
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 – 28<sup>th</sup> February 2020