

TB Saracen UK Income Fund

March 2020

SARACEN
share success

Signatory of:

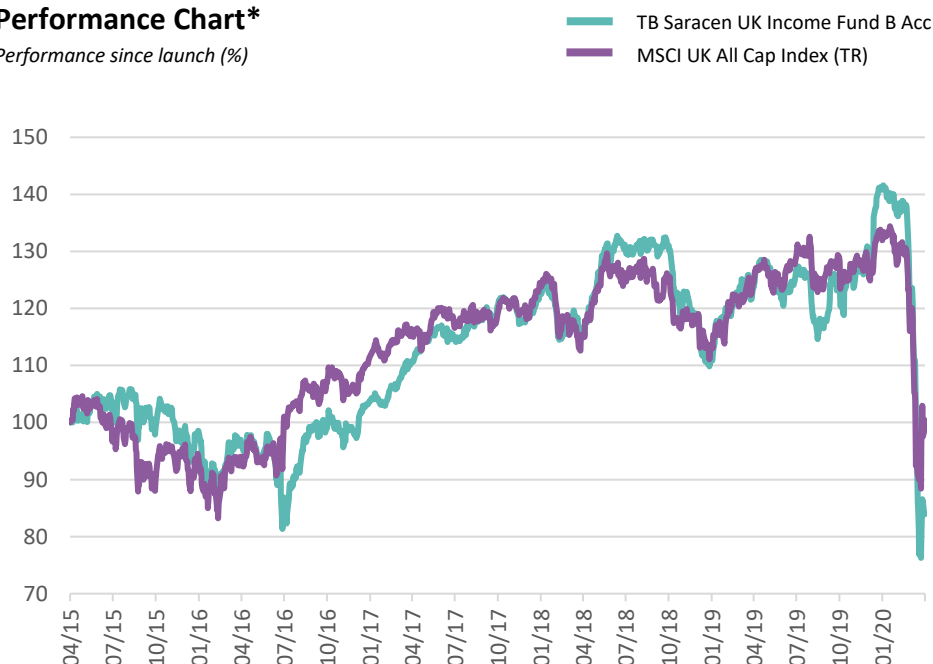


Fund Overview

- 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.
- 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 31st March 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 31st March 2020

	1 month	3 months	1 year	3 years	Since launch*
TB Saracen UK Income B Acc	-28.2%	-38.5%	-29.6%	-21.6%	-13.3%
MSCI UK All Cap Index (TR)	-15.1%	-25.3%	-19.4%	-13.3%	1.0%
Sector Average	-18.3%	-28.1%	-20.6%	-17.8%	-6.2%
Quartile Ranking	4	4	4	3	4

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 31st March 2020)

Fund size: £2.8m
Launch date: 01/04/15

Historic yield: 8.4%

No. of holdings: 30
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: 86.67p
B Distribution: 68.14p

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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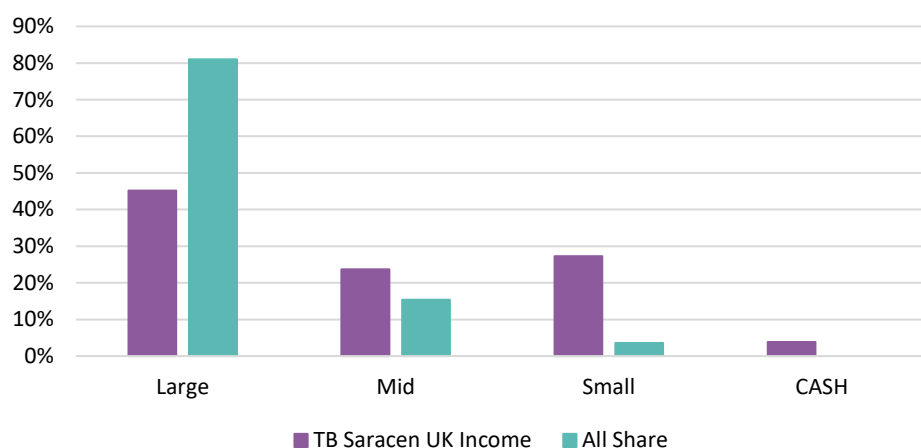
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Fund Breakdown by Market Capitalisation



Data as of 31st March 2020, Source: Saracen Fund Managers

Monthly Commentary

Market Background

March was a horrible month for equity markets with the coronavirus crisis taking hold on a worldwide scale, leading to lockdowns across the majority of affected countries. There were dramatic falls in global markets and extreme volatility across asset classes, with a collapse in the oil price, huge cuts to interest rates and enormous stimulus programmes being launched in response to the crisis. As the month drew to a close, we saw significant numbers of companies, both strong and weak, passing their forthcoming dividend payments.

Performance

It was a very damaging set of circumstances for the Fund which fell by 28.7%, lagging the UK index return of -15.1%. At a size level large companies held up significantly better with the FTSE100 falling by -13.4%, compared to -21.7% for the midcap and -20.7% for smaller companies.

Having enjoyed a strong 2019 the Fund was poorly positioned for the crisis. The key components of the weakness were our large positions in mid and smallcap (>60% of the Fund), our strong bias towards a value style and therefore a sector mix which favoured financial and industrial businesses, with correspondingly very low or no exposure to defensive sectors such as food retail and utilities. In addition to all of these factors our high fund dividend yield was unable to provide downside protection as companies rapidly abandoned dividend payments. At the time of writing 14 fund holdings have suspended their dividends. It was, in summary, a perfect storm for the portfolio.

Portfolio Activity & Outlook

The Fund saw some small inflows during March for which we thank our investors. We were therefore able to add to a variety of holdings at various points in the month, some more successfully than others given the volatility. As a general theme we added to larger, more liquid holdings such as Imperial Brands, WPP, Phoenix and BHP. Two new holdings were introduced – Paypoint, which supplies IT and services to small retailers and FRP Advisory, an insolvency business which came to market via an IPO. We expect both businesses to be resilient in the uncertain environment ahead. The holding in Superdry was sold at a painful loss but prospects are now bleak and no dividend likely.

In the light of the significant deferrals we are now seeing in dividends a cut in income to shareholders is now unavoidable and our current working assumption is that our payments will fall by around 35% during 2020. We would refer investors to our review of UK dividends in the current quarterly report which offers a fuller explanation of how our thinking is evolving in what is a very live issue right now. 4% of the portfolio was held in cash at the month end.

March – Attribution *

Top Contributors	Positive
Rio Tinto	+0.17%
Paypoint	+0.14%
Top Detractors	Negative
Vistry Group	-2.69%
Wood Group	-2.05%
Halfords	-1.91%
Alpha FMC	-1.75%
U&I	-1.69%

*Source: Bloomberg as at 31/3/20

Fund Breakdown

Top 10 Holdings	
Imperial Brands	5.3%
DS Smith	4.9%
Phoenix	4.8%
Rio Tinto	4.6%
Close Brothers	4.6%
Vistry Group	4.1%
Standard Life Aberdeen	4.1%
Royal Dutch Shell	4.0%
FRP Advisory	3.9%
Aviva	3.9%

Sector breakdown	
Financials	32.1%
Industrials	21.5%
Consumer Goods	13.0%
Consumer Services	11.9%
Basic Materials	11.7%
Oil & Gas	6.1%
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

(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.

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. 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 – 31st March 2020