

TB Saracen UK Income Fund

May 2020

SARACEN
share success

Signatory of:

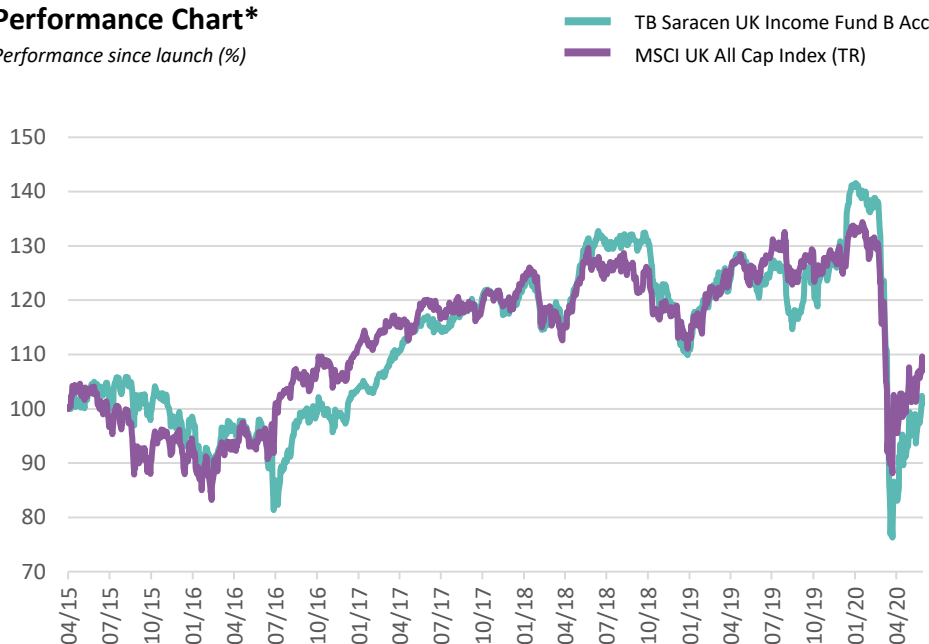


Fund Overview

- 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 29th May 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.

FOR PROFESSIONAL INVESTORS ONLY

Retail investors should consult their financial advisers

FUND DETAILS

(as at 29th May 2020)

Fund size: £3.3m
Launch date: 01/04/15

Historic yield: 7.2%

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: 101.06p
B Distribution: 79.40p

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

Cumulative Performance after all charges to 29th May 2020

	1 month	3 months	1 year	3 years	5 years	Since launch*
TB Saracen UK Income B Acc	1.7%	-16.3%	-17.0%	-13.3%	-3.3%	1.1%
MSCI UK All Cap Index (TR)	3.3%**	-8.3%	-12.7%	-9.9%	4.8%	9.1%
Sector Average	1.3%	-10.1%	-12.2%	-13.5%	-1.3%	3.2%
Quartile Ranking	2	4	3	2	3	3

Source: Financial Express; * launch date 01 April 2015

Sector: IA Sector (UK Equity Income)

** Note – MSCI AllCap Index returns shown are at market close whilst fund and sector returns are at noon pricing points. See commentary on page 2 for further detail.



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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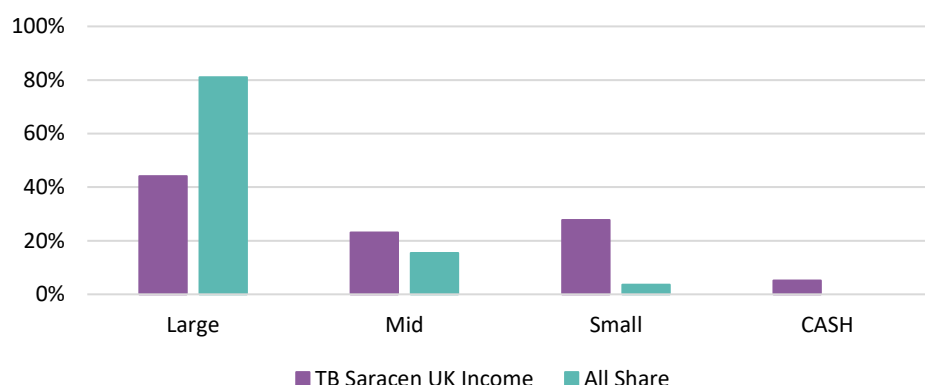
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Fund Breakdown by Market Capitalisation



Data as of 29th May 2020, Source: Saracen Fund Managers

Monthly Commentary

Market Background

Whilst it was another volatile month the Fund made some progress during May. Global markets have responded positively to early signs of lockdown restrictions being eased in most major economies but there remains great uncertainty about both the speed and extent of any recovery. It is also clear that the 'real' economy has significant hurdles to overcome in terms of unemployment and economic activity as government support schemes begin to unwind later in 2020.

Performance

The Fund lagged slightly behind the ongoing market rally, rising by 1.7% compared to the UK index return of 2.2% (adjusted for noon pricing). This compared to the UK Equity Income sector return of 1.3%. The mid and small cap indices modestly outperformed the FTSE100 but the increases were broadly based, with all three segments showing positive returns.

For the second month in a row Halfords made a significant contribution, rising by 70% on hopes of a cycling boom. DS Smith and Synthomer progressed too with COVID having minimal impacts on both. Imperial Brands was our main laggard, falling by 11% as they cut the dividend and posted lacklustre results. The financials sector remains a very mixed bag with fund managers such as Standard Life Aberdeen and Jupiter recovering with better markets whilst the UK banks sector remained muted. Our small real estate stocks, U&I and NewRiver, also continue to struggle but we are now seeing early evidence of equity stakebuilding in what has been a friendless sector.

Portfolio Activity & Outlook

We added one new holding, DFS Furniture, during the month. DFS has raised equity recently and we believe it can recover fairly quickly and begin paying dividends again in 2021. We sold the holding in TI Fluid Systems where, by comparison, we see a somewhat slow and difficult road to recovery. We added further to holdings in National Express and Phoenix and reduced large positions in Halfords and FRP Advisory, both of which had been particularly strong performers. Whilst 2020 will be a very poor year for income we are hopeful that 2021 will see dividends improving meaningfully from a lower base and we will update shareholders with our thoughts regarding the Fund's income prospects in our next quarterly review. Cash is currently at 5%.

May – Attribution *

Top Contributors	Positive
Halfords	+1.92%
Standard Life Aberdeen	+0.55%
DS Smith	+0.43%
Jupiter	+0.42%
Synthomer	+0.40%
Top Detractors	Negative
Imperial Brands	-0.50%
National Express	-0.49%
NewRiver REIT	-0.35%
U&I	-0.33%
Vistry Group	-0.27%

*Source: Bloomberg as at 29/5/20

Fund Breakdown

Top 10 Holdings	
Phoenix Group	5.6%
DS Smith	5.3%
Vistry Group	4.7%
Rio Tinto	4.6%
Imperial Brands	4.4%
FRP Advisory	4.0%
Standard Life Aberdeen	4.0%
BHP	4.0%
Close Brothers	3.9%
Synthomer	3.7%

Sector breakdown	
Financials	31.3%
Industrials	21.9%
Consumer Services	12.9%
Basic Materials	12.3%
Consumer Goods	10.9%
Oil & Gas	5.3%
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

(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.tbaileyfs.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 – 29th May 2020