

# TB Saracen UK Income Fund

July 2020

**SARACEN**  
share success

Signatory of:

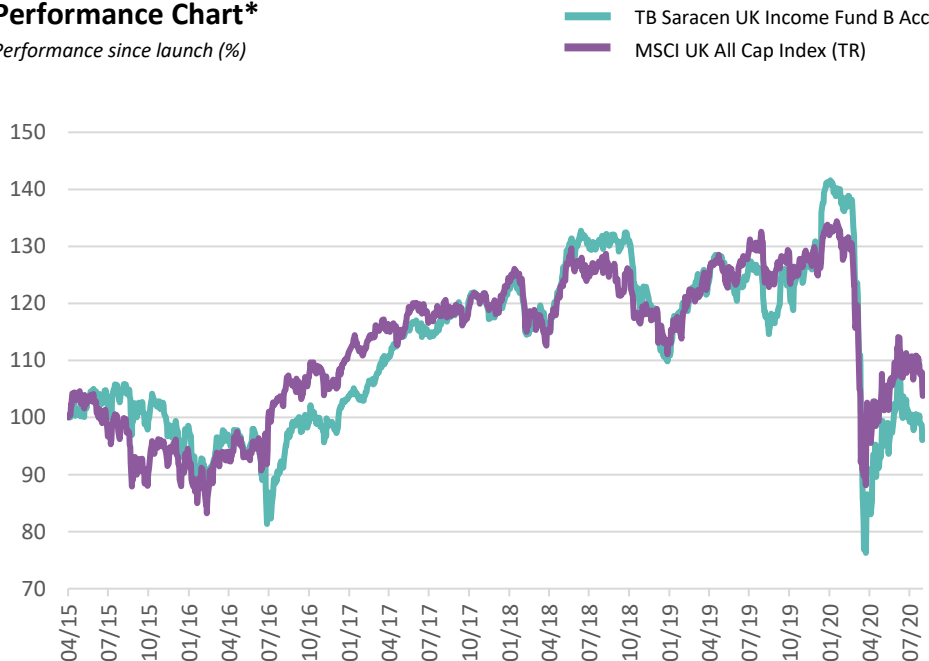


## Fund Overview

- 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 31<sup>st</sup> July 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 31<sup>st</sup> July 2020)

**Fund size:** £3.1m  
**Launch date:** 01/04/15

**Historic yield:** 7.7%

**No. of holdings:** 33  
**Active share:** 88%

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:** 96.28p  
**B Distribution:** 74.60p

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 31<sup>st</sup> July 2020

	1 month	3 months	1 year	3 years	5 years	Since launch*
<b>TB Saracen UK Income B Acc</b>	-4.4%	-3.1%	-22.5%	-17.7%	-8.1%	-3.7%
<b>MSCI UK All Cap Index (TR)</b>	-4.0%	0.5%	-19.4%	-11.3%	5.8%	6.1%
<b>Sector Average</b>	-3.0%	-0.8%	-17.1%	-13.6%	-0.2%	1.0%
<b>Quartile Ranking</b>	4	4	4	3	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.



**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

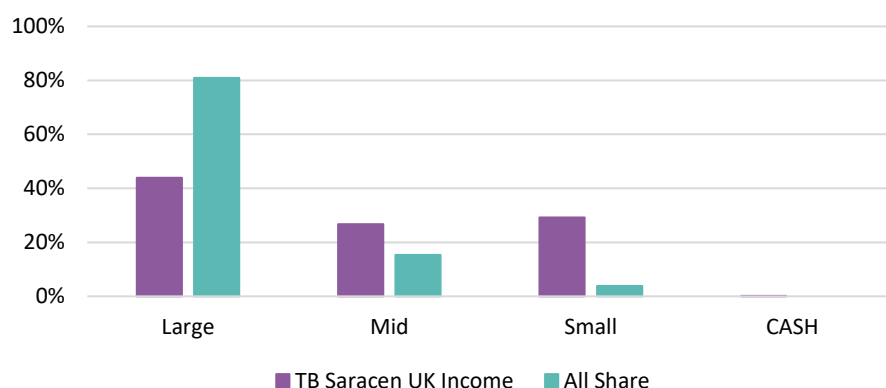
July 2020



Signatory of:



## Fund Breakdown by Market Capitalisation



Data as of 31<sup>st</sup> July 2020, Source: Saracen Fund Managers

## Monthly Commentary

### Market Background

The post-COVID recovery in markets unwound somewhat in July as the harsh reality of company results during the pandemic took centre stage, leaving the UK index down 3.6% overall. Concerns mounted about the shape of exit from lockdown and the significant economic impact came through clearly in very weak Q2 GDP data. Any corporate disappointments continue to be harshly dealt with, leading to meaningful falls in vulnerable sectors.

### Performance

Against this difficult background the Fund had a poor month and fell by 4.4% compared to the UK index return of -4.0% and the sector average of -3.0%. All of the main UK indices by size fell, led by a 4.1% decline in the FTSE100. Mid and smallcap held up a little better with sterling rising nicely against the US dollar during the month.

Given the weak market background there were only a limited number of positive features. Both Palace Capital and Intermediate Capital responded well to robust final results, rising by 12% and 5% respectively. Our positions in chemicals and mining continued to make good overall progress, including the recent purchase of Johnson Matthey. DS Smith was the main disappointment, falling by 20% in response to weak results and the passing of the dividend. The other fallers were predominantly in more cyclical areas such as banks, housebuilding and media. Out with this National Express and Imperial Brands share prices continued their very poor recent form despite no real new news in either company.

### Portfolio Activity

There were no major changes made to the portfolio during July. We took some profit in Intermediate Capital and Alpha FMC and reduced the holdings in Jupiter and DS Smith. Towards the end of the month we added to Paypoint, Tyman and National Express, all of whom have seen share price weakness recently. We see considerable longer-term upside in the valuations of each business. The Fund is currently fully invested.

## July – Attribution \*

Top Contributors	Positive
Palace Capital	+0.27%
Intermediate Capital	+0.18%
Synthomer	+0.13%
Johnson Matthey	+0.12%
Eurocell	+0.11%
Top Detractors	Negative
DS Smith	-0.77%
Imperial Brands	-0.67%
Vistry Group	-0.59%
National Express	-0.45%
WPP	-0.31%

\*Source: Bloomberg as at 31/7/20

## Fund Breakdown

Top 10 Holdings	
Phoenix Group	5.7%
BHP	4.5%
Rio Tinto	4.2%
Imperial Brands	4.2%
FRP Advisory	4.2%
Standard Life Aberdeen	4.2%
Close Brothers	4.2%
Vistry Group	4.1%
Synthomer	3.7%
Aviva	3.6%

Sector breakdown	
Financials	31.3%
Industrials	21.7%
Basic Materials	14.7%
Consumer Services	13.4%
Consumer Goods	12.3%
Oil & Gas	5.2%
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.tbaileyfs.co.uk](http://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](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> July 2020