

# TB Saracen Global Income and Growth Fund

October 2019

**SARACEN**  
share success

Signatory of:  
**PRI** Principles for Responsible Investment



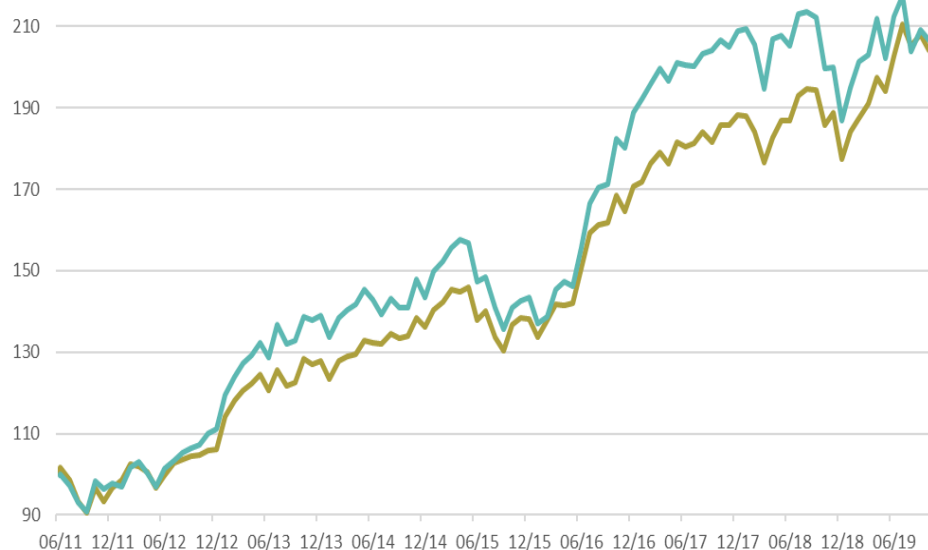
## Fund Overview

- Objective: to provide a degree of income to investors with the aim of building capital through investing in a portfolio of primarily global equities.
- Focus: on identifying leading global businesses with lower risk and share valuations that underestimate their prospects.
- Research: we conduct intensive proprietary research focusing on businesses' long-term earnings potential.
- Risk: we model a 'worst-case' scenario into our share valuation methodology and abide by strict sector limits.
- Process: Disciplined, structured and repeatable.
- Conviction Portfolio: high active share and highly differentiated.
- Both fund managers have significant personal investments in the fund.

## Performance Chart\*

Performance since launch (%)

— TB Saracen Global Income & Growth Fund B Acc  
— IA Global Equity Income Sector (TR)



\*Source: Financial Express, as at 31<sup>st</sup> October 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 ongoing charges to 31 October 2019

	1 month	3 months	1 year	3 years	5 years	Since launch*
<b>TB SGIG B Acc</b>	-1.2%	-5.0%	+3.5%	+13.3%	+46.6%	+107%
<b>Sector Average</b>	-2.0%	-3.1%	+9.8%	+21.0%	52.2%	+104%
<b>Quartile Ranking</b>	1	4	4	4	3	2

Source: Financial Express; \*launch date 07 June 2011

Sector: IA Sector (Global Equity Income)

## FOR PROFESSIONAL INVESTORS ONLY

Retail investors should consult their financial advisers

### FUND DETAILS

(as at 31<sup>st</sup> October 2019)

**Fund size:** £114m  
**Launch date:** 07/06/11  
**Historic yield:** 3.9%

**No. of holdings:** 41  
**Active share:** 94%  
**Beta:** 0.97

Source: Bloomberg as at 31/10/19

**Turnover:** <20%  
**Denomination:** GBP  
**Valuation point:** 12:00 noon

**XD date:** 2 Jan  
1 July

**Pay date:** 28/29 Feb  
31 Aug

**Fund prices:**  
**B Accumulation:** 206.56p  
**B Distribution:** 160.73p

Policy is not to charge a dilution levy except in exceptional circumstances.

**ACD:**  
**T. Bailey Fund Services Limited**

**Graham Campbell**  
Executive Director

**David Keir**  
Chief Executive Officer



**Graham Campbell** joined Saracen in 2011 from Edinburgh Partners, where he was one of the founding partners and director. He has managed the Fund since launch. Graham has over 30 years of industry experience.

**David Keir** joined Saracen in 2013 and has managed the Fund since 2014. He has over 19 years of industry experience.



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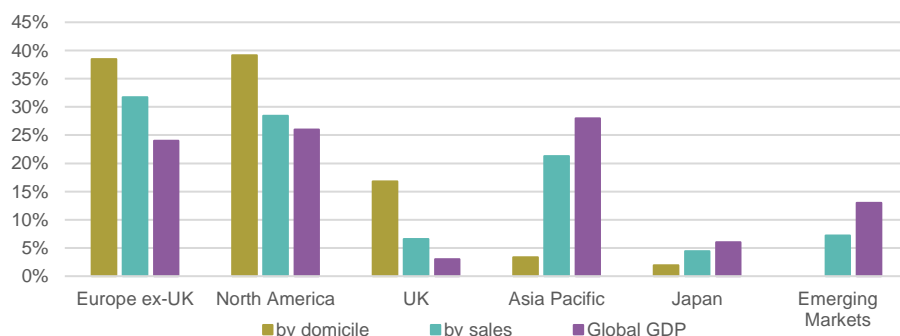
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Principles for Responsible Investment



## Fund Breakdown by Geography



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

## Monthly Commentary

### Performance

Markets continued their positive momentum during the month as macro concerns over US China trade wars and a Hard Brexit eased, central bankers provided further stimulus to the global economy and corporate results season was better than feared. Within markets, “value” strategies continued to perform better. Many of our cheap investments reported results that were at least in line with expectations and the shares went up. It was noticeable that many widely owned and expensive shares such as ABI, Danone, Kimberly-Clark, Heineken and Reckitt Benckiser all reported disappointing results and their shares fell. We have been talking about the valuation extremities in markets for some time and believe that this mean reversion has a long way to go. This month, the total return for TB SGIG was -1.2%, compared to -2.0% for the IA Global Equity Income sector. The fund has delivered a return of +107% since launch in June 2011.

### FX

Currency movements had a material negative impact on the fund’s absolute performance. Sterling was up 4.5%, 3.2% and 5.4% against the CHF, EUR and USD respectively.

### Positives

Barclays (+11%) reported very solid Q3 results and benefitted from the significantly reduced likelihood of a no-deal Brexit. Bristol Myers Squibb (+8%) beat Q3 expectations and raised expectations for the full year. Intel (+6%) delivered a record profit for the quarter and also upgraded its 2019 guidance. Phillip Morris Intl (+3%) reported solid momentum in its Heat not Burn product and maintained full year guidance of “at least 6% organic growth”. There were also better than expected results from Dow Inc (+5%), Merck (+1%), Michelin (+3%), Pfizer (+1%), Roche (-1%) and Valeo (+7%).

### Negatives

HSBC (-7%) shares were weak after slightly soft quarterly result and it removed its 11% ROE by 2020 target. The new mgmt. team now plan to “remodel” large parts of the bank. IBM shares (-10%) fell after revenue for the quarter came in below expectations. They did re-iterate guidance and the newly acquired Red Hat beat expectations by delivering 20% revenue growth.

### Portfolio Activity

We bought Hugo Boss after the shares fell over 30% in the month on a weak trading update. The shares trade on 11X Year 1 PER and yield 7% and the Balance Sheet is ungeared. We sold BMW on our worst-case scenario analysis after a disappointing meeting with management. In addition, we topped up Sabre and reduced HSBC during the month.

	ISIN	SEDOL	Bloomberg	EMX	Initial Charge	Annual Charge	Ongoing **
B Acc Shares	GB00B5B35X02	B5B35X0	SARBACC LN	SARGGIFA	0%	0.75%	0.99%
B Dis Shares	GB00B3XPLG55	B3XPLG5	SARGIGA LN	SARGGIFD	0%	0.75%	0.99%

\*\* Source: T Bailey Fund Services Ltd

## October – Attribution \*

Top Contributors	Positive
Pandora	+0.34%
Barclays	+0.20%
Intel	+0.17%
Bristol Myers Squibb	+0.13%
Philip Morris International	+0.10%
Top Detractors	Negative
IBM	-0.40%
Schlumberger	-0.18%
HSBC	-0.17%
Chevron	-0.16%
Cisco	-0.16%

\*Source: Bloomberg as at 31/10/19

## Fund Breakdown

Top 10 Holdings	
Roche	4.7%
Philip Morris Intl	4.2%
IBM	3.8%
Johnson Matthey	3.6%
Saint Gobain	3.6%
Interpublic Group	3.5%
Heidelberg Cement	3.4%
DBS Group	3.4%
Svenska Handelsbanken	3.3%
Johnson & Johnson	3.3%

Sector breakdown	
Financials	17.9%
Healthcare	17.2%
Industrials	14.9%
Technology	12.2%
Basic Materials	11.3%
Consumer Services	10.1%
Consumer Goods	9.2%
Oil & Gas	7.2%
Utilities	0.0%
Cash	0.0%

**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 – 31st October 2019**