

# TB Saracen Global Income and Growth Fund

## October 2021

**SARACEN**  
share success

MSCI  
ESG RATINGS



Signatory of:



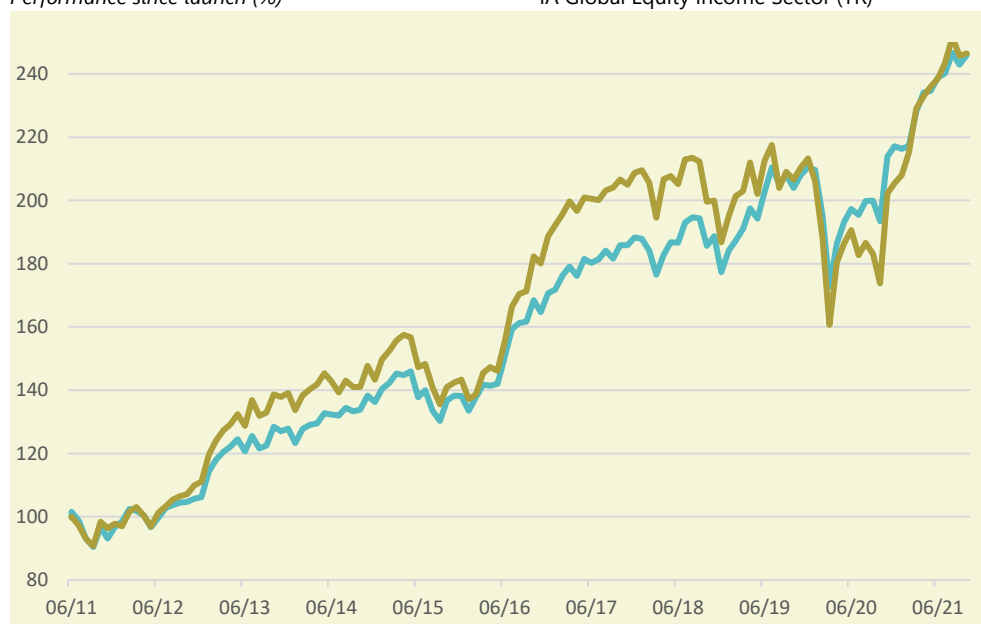
### Fund Overview

- 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 29<sup>th</sup> October 2021. 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 29 October 2021

	1 month	3 months	6 months	1 year	3 years	5 years	Since launch*
<b>TB SGIG B Acc</b>	+0.3%	+1.2%	+5.8%	+41.8%	+23.4%	+35.2%	+147%
<b>Sector Average</b>	+1.2%	+2.4%	+5.0%	+27.2%	+32.5%	+45.9%	+146%
<b>Quartile Ranking</b>	4	4	2	1	4	4	3

Source: Financial Express; \*launch date 7 June 2011

Sector: IA Sector (Global Equity Income)

### FOR PROFESSIONAL INVESTORS ONLY

Retail investors should consult their financial advisers

### FUND DETAILS

(as at 29<sup>th</sup> October 2021)

**Fund size:** £99m  
**Launch date:** 07/06/11  
**Historic yield:** 3.0%

**No. of holdings:** 40  
**Active share:** 94%  
**Beta:** 0.95

Source: Eikon Refinitiv as at 29/10/21

**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:** 246.42p  
**B Distribution:** 180.18p

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

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

**Graham Campbell** **Bettina Edmondston**  
*Chief Executive Director* *Investment Director*



**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.

**Bettina Edmondston** joined Saracen in 2015 from apoAsset where she was co-manager of the Global Healthcare Fund. She has over 20 years of industry experience.



# TB Saracen Global Income and Growth Fund

October 2021

SARACEN  
share success

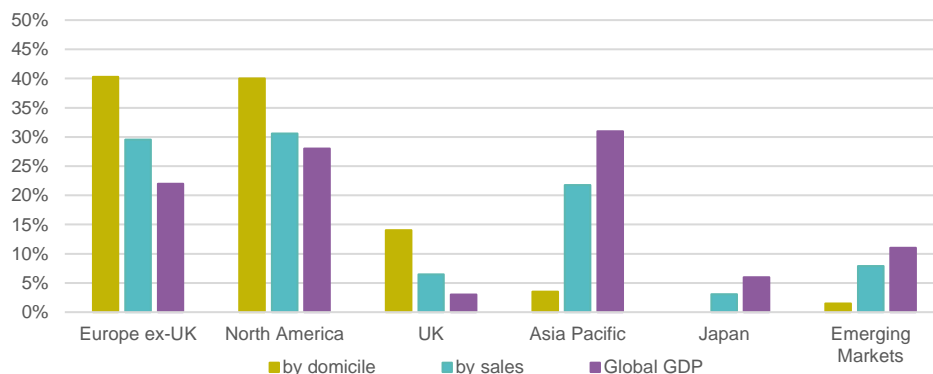
MSCI  
ESG RATINGS



Signatory of:

PRINCIPLES FOR RESPONSIBLE INVESTMENT

## Fund Breakdown by Geography



Data as of 29<sup>th</sup> October 2021, Source: Saracen Fund Managers

## Monthly Commentary

### Performance

Markets rebounded in October as companies reported their Q3 results. Generally, earnings were better than feared after recent downgrades, due to supply chain issues, rising input costs and labour shortages. In the US, 78% of companies who have reported, beat earnings and 71% beat revenue estimates. This indicates that corporates are passing on higher input costs in order to protect their margins. We would expect more pressure on wage rises in the coming months, especially in sectors where there are labour shortage. The longer and the higher inflation remains, the less transitory! During October TB SGIG returned +0.3%, which was behind the Global Equity Income peer group (+1.2%). Markets continued to narrow with the largest and most expensive driving returns. We remain optimistic that growth will rebound into 2022 and more economically cyclical businesses will benefit.

### FX

Currency movements had a negative impact on the fund's performance. Sterling was up 2.4% and 1.9% against the USD and Euro respectively. Sterling was down 0.2% against the CHF.

### Positives

Merck (+15.3%) had a very strong start to the month after a study showed its experimental oral drug for COVID-19 cut risk of death and hospitalization by about 50%. Merck also reported solid earnings, beating sales and earnings by 6.8% and 2% respectively. Merck raised its FY EPS guidance by almost 3% at the midpoint. Financials benefitted from steepening yield curves and Central Bank rhetoric that interest rates might have to rise earlier than previously expected. UBS (+10.4%), HSBC (+12.2%), and Barclays (+6.2%) all rallied strongly. We maintain our 20% weighting in Financials in line with our self-imposed sector limit. Avient (+16.3%) surprised the market with a 12% dividend increase, which was followed a couple of weeks later with record Q3 results. Sales and EPS were 2.5% and 3% above consensus.

### Negatives

IBM's (-9.6%) Q3 EPS were in line but sales missed as customers in its soon to be spun off Kyndryl division stopped ordering. Intel (-10.1%) disappointed due to weak Cloud revenue amid softer China demand and supply issues. Intel's 2022 capex guidance of \$25-28bn in order to drive double digit revenue growth was not taken well. Danone (-6%) beat organic growth expectations but reported a decline in volumes. The company reiterated its FY margin target. Bristol-Myers (-5.8%) beat consensus EPS and increased FY guidance. We believe the shares are undervalued at 7.5x 2022 PE (source: Refinitiv Eikon). Philip Morris (-3.6%) had to curtail its IQOS sales due to a shortage of chips.

### Portfolio activity

We sold our position in American Express after the shares doubled since our purchase in March 21 and the yield fell to 1%. We reinvested the proceeds into HeidelbergCement, Johnson Matthey, Rio and Bristol-Myers.

	ISIN	SEDOL	Bloomberg	Initial Charge	Annual Charge	Ongoing Charge**
B Acc Shares	GB00B5B35X02	B5B35X0	SARBACC LN	0%	0.75%	1.01%
B Dis Shares	GB00B3XPLG55	B3XPLG5	SARGIGA LN	0%	0.75%	1.01%

\*\* Source: T Bailey Fund Services Ltd

## October – Attribution \*

Top Contributors	Positive
Merck	+0.36%
UBS	+0.36%
HSBC	+0.29%
Barclays	+0.25%
Avient	+0.24%
Top Detractors	Negative
IBM	-0.38%
Intel	-0.32%
Danone	-0.25%
Bristol-Myers Squibb	-0.21%
Philip Morris	-0.20%

\*Source: Saracen Fund Managers as at 29/10/21

## Fund Breakdown

Top 10 Holdings	
Barclays	4.0%
DBS	3.5%
Cisco	3.5%
Saint Gobain	3.4%
Interpublic	3.4%
Philip Morris	3.4%
UBS	3.4%
IBM	3.2%
Danone	3.2%
Roche	3.2%
<b>Total</b>	<b>34.20%</b>

Sector breakdown	
Financials	20.4%
Materials	16.8%
Healthcare	15.2%
Industrials	14.6%
Information Technology	9.3%
Consumer Discretionary	8.0%
Consumer Staples	6.6%
Communication Services	4.9%
Energy	4.0%
Cash	0.2%

**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 include:**



**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.

Issued by Saracen Fund Managers Limited. Please note that Saracen Fund Managers Limited do not provide financial advice. If you have any doubt whether the TB Saracen Global Income and Growth Fund is suitable for you and you wish to receive advice you should contact your Financial Adviser.

**Regulatory Status:**

FCA Recognised: Yes  
Scheme Type: OEIC (UCITS)

**Issue date – 3<sup>rd</sup> November 2021**