

All data as at 30 September 2021

Investment Objective

The Fund aims to provide a growing income stream and to grow capital over the long term (5 years or more). Each part of this objective will have equal weighting.

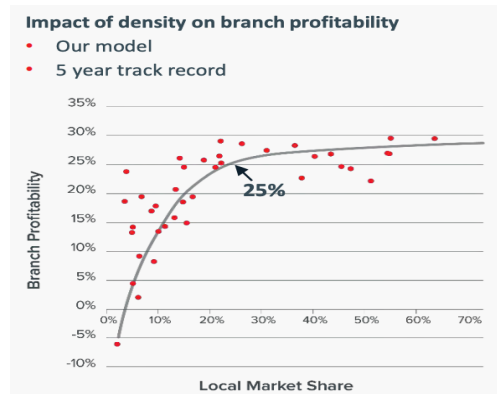
Investment Philosophy

The fund will be at least 80% invested in global equities. The Investment Manager will invest in a select (typically 20-50 holdings) portfolio of companies that exhibit high and sustainable returns on capital allowing the companies to both reinvest in the business for growth and provide a meaningful and growing dividend stream to be paid over time. In order to maximise the opportunity of identifying such companies, the Fund will invest in listed equities globally. The Manager believes that in order to sustain high returns over the long term, companies must adhere to responsible and sustainable investment principles.

Management Commentary

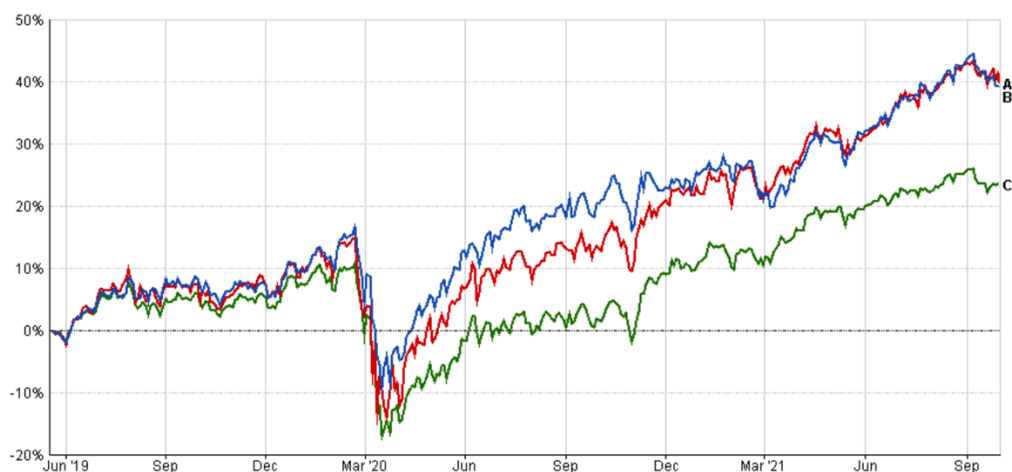
Company Review - Rentokil

Rentokil Initial plc, a portfolio company, is UK listed but most of its revenues originate from U.S. and other overseas countries. They have two core divisions, focused on commercial pest control and commercial hygiene services respectively, which have some common characteristics. Pest control involves removing and preventing pest infestations for corporate customers; for example Tesco. They are not involved in the residential market. Hygiene services are predominantly providing equipment and consumables for washrooms such as hand hygiene, air purity and in-cubicle. Again, this is for corporate customers not residential. Customers can range from hospitals to industrials to hotels. There are some residual other operations but I expect these to be sold in due course. Both businesses can trace their origins back to the early twentieth century and so have demonstrated extreme longevity aided by stable industry structures and I expect this to continue. The holy grail for larger companies in these industries is high customer density in densely populated cities. If market share of over 25% can be achieved, margins of over 25% can be reached as shown in this graph from the company's recent capital markets day:



Against this, the industries have remained fragmented as a consequence of low barriers to entry. Growing customer numbers organically can be a hard-fought battle. Rollins Inc, of the U.S., is the poster-child of the pest control industry showing patience allied with quality delivery to establish dominance in a number of US cities and regions largely through organic growth. This is a high-quality company but very highly valued by the market currently. Other industry operatives, in a greater rush have resorted to large acquisitions to speed up growth including in adjacent areas generally with poor results. Rentokil, which historically has been guilty of such behaviour, shook up its board and management starting in 2008 bringing in the highly rated team that turned around ICI. They have exhibited patience in waiting for the right opportunities to dispose of weak adjacent businesses and establish strong local management teams. They have also invested in innovation and digital connectivity to improve service efficiency and quality, and this should also increase barriers to entry through customer stickiness. Management are pursuing a strategy of small in-fill acquisitions to increase customer density. Whilst not ideal, as goodwill increases asset intensity, this strategy can be effective if applied with discipline and strong execution. I consider the current management incentive structure could be improved to enforce this discipline and we will be engaging with the board to petition for this change. I am, however, happy with the fact the sustainability related goals are specifically targeted in long term incentives. These are customer satisfaction, staff retention and vehicle energy efficiency. Rentokil exhibits an attractive asymmetry of outcomes given the industry stability. Average execution will still lead to a reasonable result given strong market growth underpinned by global warming increasing the need for pest control and virus risk increasing the need for hygiene services. Good execution could lead to very attractive compounding. Successful engagement by us and other active managers can improve the chances of the latter.

Performance



A - TB Chawton Global Equity Income B Acc GBP

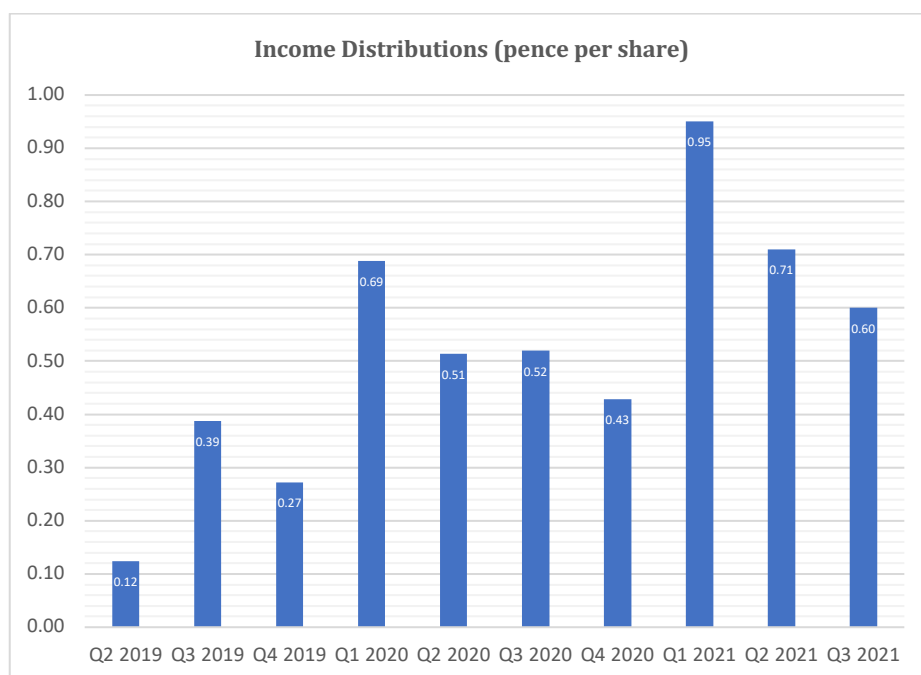
B - MSCI World TR in GBP

C - IA Global Equity Income TR in GBP

Cumulative	3 Months	6 Months	1 year	Since Launch*
TB Chawton Global Equity Income Fund B Acc GBP	2.7%	10.7%	15.8%	39.4%
MSCI World TR	2.5%	10.2%	23.5%	39.7%
IA Global Equity Income	1.7%	6.5%	21.6%	23.6%
Quartile	2	1	4	1

Source: FE fundinfo as at 30 September 2021. Total return in GBP. Past performance is not a reliable indicator of future results. The value of your investments and the income derived from it can go down as well as up and you may not get back the money you invested. * Fund launch 21 May 2019

Historic Quarterly distributions



Source: Chawton Global Investors LLP



The Investment Manager

Michael Crawford successfully managed what grew to be a substantial global equity fund at Bessemer Trust for seven years before departing in January 2019 to found Chawton Global Investors. He has over 23 years of fund management experience and was a member of the highly successful Morgan Grenfell Asset Management U.K. team from 1996 to 2004. He has also worked at Credit Suisse Asset Management and LV Asset Management. Michael has a Masters in Business Administration from Cranfield School of Management.

Michael Crawford
Managing Partner
Portfolio Manager,
Global Equities

How to Invest

TB Chawton Global Equity Income is available as an OEIC and it is also suitable to include in stocks and shares ISAs and SIPPS. You can buy shares in the fund by visiting www.tbaileyfs.co.uk/funds or through various third parties including Hargreaves Lansdown, Alliance Trust Savings, Aegon, Transact, Barclays Wealth and AJ Bell.

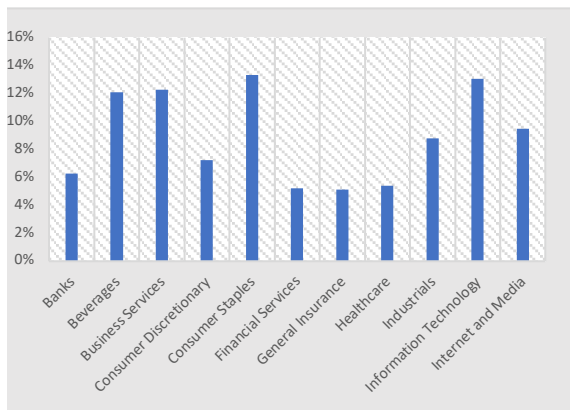
Ten Largest Holdings (% of NAV)

Next plc	4.4%
Procter and Gamble	4.2%
RELX	3.7%
Texas Instruments	3.6%
SEB (Enskilda)	3.4%
Rentokil	3.4%
ASML	3.3%
Johnson and Johnson	3.3%
Atlas Copco	3.1%
L'Oreal	3.1%

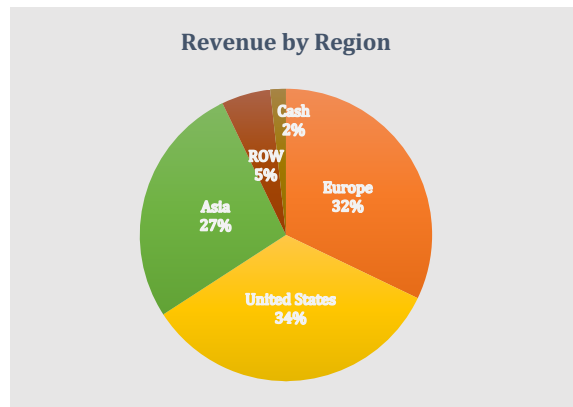
Risks

As a concentrated equity portfolio of typically less than 50 stocks the fund may involve higher volatility and therefore higher risk for those with shorter term investment time horizons (under 5 years). The value of an investment and the income from it can fall as well as rise as a result of market and currency movements and you may not get back the amount originally invested. You should therefore regard your investment as long term. Details of the risk factors are included in the fund's prospectus available at www.tbaileyfs.co.uk/funds

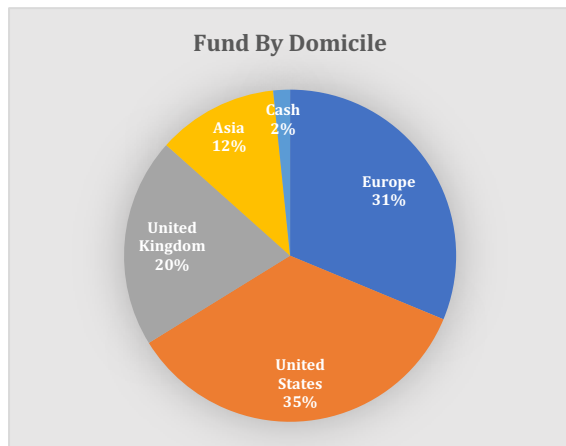
Sector Allocation



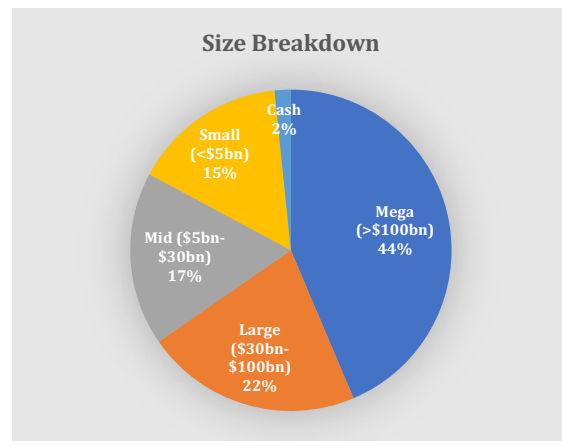
Geographic Breakdown



Listing Breakdown



Size breakdown



Fund Information

Type of scheme	UK OEIC (UCITS)
Launch date	21 May 2019
Total Net Assets	£14.3m
Comparator Benchmark	MSCI World Index
Number of Holdings	37 (35 company groups)
Base Currency	GBP (£)
Classes	B, C (£, \$, €)
Dealing and valuation	12 noon each UK Business Day
Year End	31 December
Dividend XD dates	1 April, 1 July, 1 Oct, 1 Jan
Dividend pay dates	31 May 31 Aug 30 Nov 28 Feb
Last 12 months Div. payments	2.7p
IA sector	Global Equity Income
Custodian	Northern Trust
Authorised Corporate Director	T. Bailey Fund Services Ltd

Minimum Investment

Class B Shares	£1,000
Class C Shares	£500,000

Management Fees

Class B Shares	0.90%
Class C Shares	0.60%

Ongoing Charge Figure*

Class B Shares	1.15%
Class C Shares	0.85%

ISIN Codes

Class B GBP INC	GB00BJ1GY073
Class B GBP ACC	GB00BJ1GXX37
Class B EUR INC	GB00BJ1GY180
Class B EUR ACC	GB00BJ1GXY44
Class B USD INC	GB00BJ1GY297
Class B USD ACC	GB00BJ1GXZ50
Class C GBP INC	GB00BJ1GY636
Class C GBP ACC	GB00BJ1GY305
Class C EUR INC	GB00BJ1GY743
Class C EUR ACC	GB00BJ1GY412
Class C USD INC	GB00BJ1GY859
Class C USD ACC	GB00BJ1GY529

*For full information on the periodic charge please refer to section 7 of the full prospectus

Portfolio Fundamentals

I set out the portfolio aggregate current fundamental characteristics below compared to the data just after inception. Characteristics remain consistent with a high-quality portfolio.

Portfolio Fundamentals	Sep-21	Jun-19
Return on Capital	17%	18%
Gross Margin	53%	56%
Operating Margin	25%	28%
Net debt/EBITDA	1.0	1.1
Dividend 5 year CAGR	12%	12%
Forward Price Earnings Ratio	23.4	21.0
Forward Dividend Yield	2.0%	2.2%

Source: Capital IQ/Chawton Global Investors LLP

An interesting way of thinking about the valuation is to invert the forward PE ratio to get an earnings yield for the portfolio of 4.3% which compares favourably to current yields from cash and bonds. In addition, the companies held in the fund should be able to increase prices in line with inflation in which case capital value and income are likely to be preserved in real terms (but see risk warnings above). Returns are then further augmented by growth from reinvestment of earnings not distributed.

Important Information

TB Chawton Global Equity Income is a sub-fund of the TB Chawton Investment Funds ICVC. Full details of the TB Chawton Investment Funds including risk warnings are published in the TB Chawton Funds Prospectus, The TB Chawton Funds Supplementary Information Document (SID) and the TB Chawton Investment Funds Key Investor Information Documents (KIIDs) which are available on request or at www.tbaileysfs.co.uk. Every effort is taken to ensure the accuracy of the data used in this document but no warranties are given. Chawton Global Investors LLP is authorised and regulated by the Financial Conduct Authority No. 825467. T. Bailey Fund Services Limited is authorised and regulated by the Financial Conduct Authority No. 190293

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