

All data as at 31 December 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

Activity

During the month, we sold a few smaller holdings either where we have been unable to build full positions as the share price has moved up too quickly or we are concerned about future growth opportunities. Proceeds were deployed into existing positions notably Netflix, Bossard, Bloomsbury, HDFC and SEB. The fund ended the year with 33 holdings.

Income Distributions

The fund will shortly pay out the income received for the fourth quarter of 2021 amounting to 0.5p per share and resulting in a total distribution for 2021 of 2.76p. Amounting to a 28% improvement on 2020, it is a yield of 2.3% compared to the fund price at the start of 2021¹ (121.8p) and a 2.8% yield from the price at fund launch in 2019 (100p). Whilst the starting yield upon purchase of shares, at around 2% now, does not appear especially high, it quickly starts to ramp-up. This fulfils a key objective of the fund through aiming to provide you, our investors with a progressively greater yield, on your share acquisition cost, the longer you hold the shares.

Sampo and General Insurance

The general insurance sector has proved a very productive hunting ground for Warren Buffett's Berkshire Hathaway. It acted as a key area of capital deployment to move the business away from the doomed textile manufacturing operations he initially inherited. Further insurance acquisitions were made and now insurance is the largest business segment within the group. His success in the insurance industry is through actively ensuring excellent underwriting discipline as well as investing the cash received from premiums (the 'float') in high returning productive assets and so further leveraging returns

Few other general insurers follow this model and even less replicate its success. Sampo, an insurer listed in Finland and held in our fund has had a reasonable attempt especially on the underwriting side aided by the attractively structured Scandinavian general insurance markets. Its investments have produced more mixed results due to a focus on banks; an even more difficult sector to get right.

The group has been frustrated by over committing capital to one bank; Nordea which, although its acquisition was well timed, subsequently required a major turnaround which is only just starting to bear fruit. Now under pressure after Elliot, the activist investor, built a holding, management are moving to a more orthodox insurance model focused on the strong but mature Scandinavian operations through selling down the Nordea stake.

The additional return from the float will therefore be forsaken reducing the overall return potential. That said, excellent capital allocation through what I call a flexible dividend policy, could compensate in what is a slow growing but high return cash generative business. This involves a combination of a base ordinary dividend and then the flexibility to deploy special dividends or share repurchases depending on the premium or discount of the market value to the firm's intrinsic value (estimated value based on fundamentals).

Elliot is also agitating for this; however, management recently moved to acquire Hastings in the UK so establishing a bridge head in the much more competitive UK general insurance market and risking dilution of returns on capital. Under pressure from shareholders, management have agreed to prove they can make this work before deploying further capital in this way. We will actively engage for them to pursue our preferred strategy.

¹ Based on B Class GBP Inc. share

Performance



A - MSCI World TR in GBP

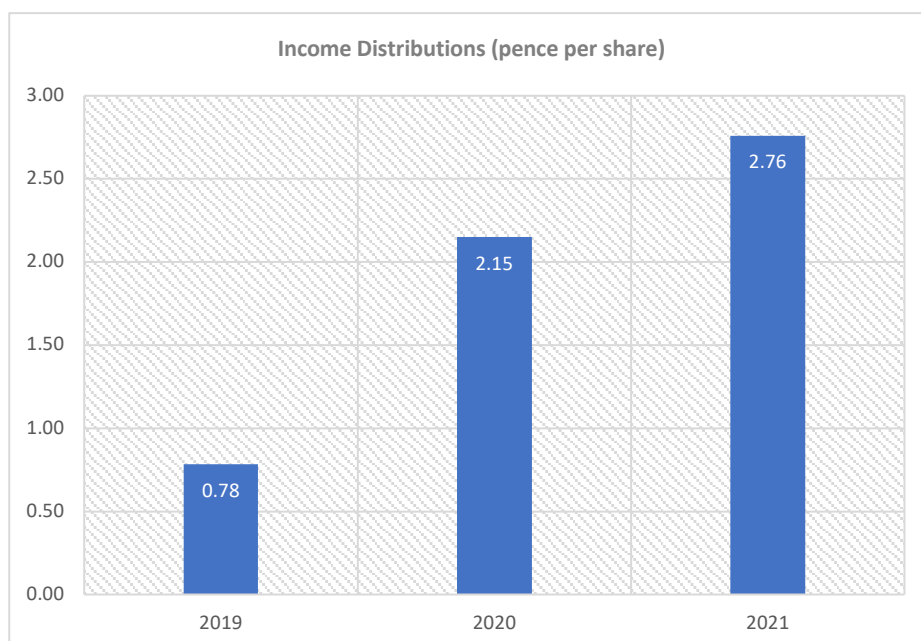
B - TB Chawton Global Equity Income B Acc GBP

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	5.8%	8.6%	18.2%	47.5%
MSCI World TR	7.3%	9.9%	22.9%	49.9%
IA Global Equity Income	6.1%	7.9%	18.7%	31.2%
Quartile	3	2	3	1

Source: FE fundinfo as at 31 December 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 Annual 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, James Hay, Aegon, Transact, Barclays Wealth and AJ Bell.

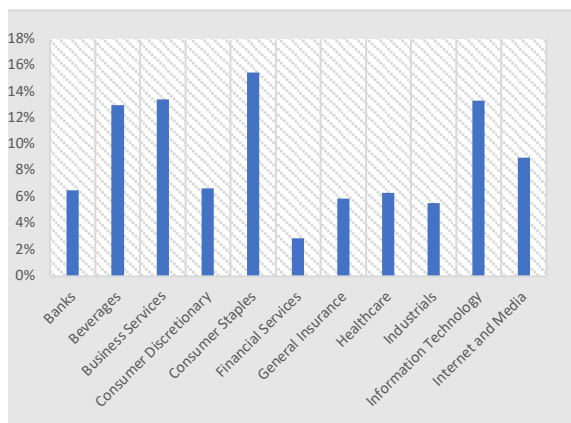
Ten Largest Holdings (% of NAV)

Next plc	4.7%
Procter and Gamble	4.6%
Costco	4.3%
RELX	3.9%
SEB Enskilda	3.6%
Microsoft	3.5%
Texas Instruments	3.4%
Atlas Copco	3.4%
L'Oreal	3.4%
Johnson and Johnson	3.3%

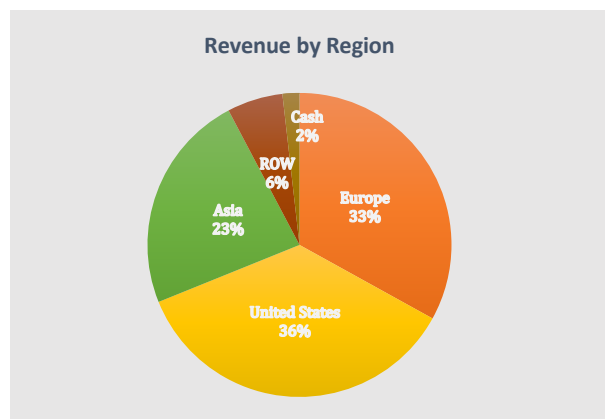
Risks

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

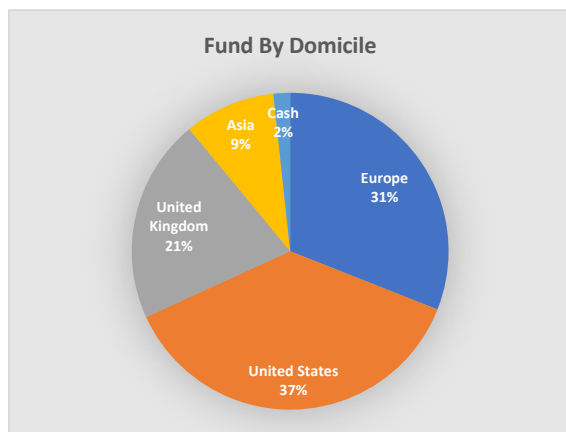
Sector Allocation



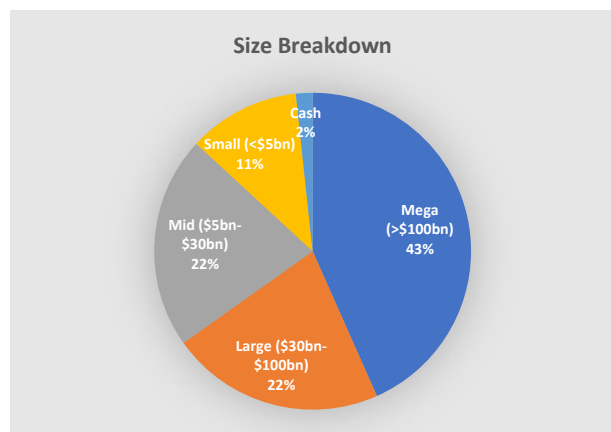
Geographic Breakdown



Listing Breakdown



Size breakdown



Fund Information

Type of scheme	UK OEIC (UCITS)
Launch date	21 May 2019
Total Net Assets	£15M
Comparator Benchmark	MSCI World Index
Number of Holdings	33 (31 corporate 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	30 November 2021	30 June 2019
Return on Capital	17%	18%
Gross Margin	51%	56%
Operating Margin	24%	28%
Net debt/EBITDA	1.0	1.1
Dividend 5 year CAGR	13%	12%
Forward Price Earnings Ratio	25	19
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% 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.tbaileys.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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