

TB CHAWTON GLOBAL EQUITY INCOME FUND JULY 2021 FACTSHEET



All data as at 31 July 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

Progress

Portfolio companies are currently reporting on their progress as we move beyond the half-way point of 2021. Most reported either a strong recovery or more muted growth depending on how they were impacted by COVID in 2020. Portfolio companies generally performed well during 2020 but pleasingly, most of them have been able to continue to advance in 2021 despite difficult comparatives. Costco was the highlight as it delivered underlying growth of 15% up to the start of May 2021 despite lapping the early 2020 panic buying period. The company paid out a special dividend of \$10 in December last year costing \$4 billion to add to its ordinary dividend at a time when it had just over \$2 billion net cash on its balance sheet. The interim results showed net cash had rebuilt to nearly \$1 billion suggesting further specials could be on the cards. Technology companies such as Alphabet and Microsoft saw accelerated growth; I discuss Microsoft, which has been owned since the inception of the portfolio, in detail below. Companies that were more heavily impacted by lockdowns such as RELX and Next are bouncing back strongly with the latter helped by its well-received on-line homework products. Next announced two special dividends for this September and next January having suspended its dividend in 2020. These could aggregate to an attractive yield of 2.75% over the six-month period. A few portfolio companies are experiencing more difficult conditions after exceptional 2020 growth: notably Netflix and Progressive Corporation, the auto insurer. The latter which experienced a very benign claims environment when no-one drove, saw the reverse in the first half exacerbated by the Texas snow storms. Portfolio activity was limited; most significantly we reduced the holding in Unilever plc mainly because of its overlap with portfolio holdings in Procter & Gamble and Nestle.

Microsoft

The company announced faster growth (+17%) and achieved higher returns on capital (21%) in its full year results to the end of June 2021 compared to the comparator period ending in 2020. To set this in context, the core of Microsoft's business, since it was founded in the 1970s, is the ubiquitous Office suite of software. This, along with the iPhone, must go down one of the most value creating products ever continually generating high returns on capital and strong cash flow. However, the subsequent success of the company has been determined by successive management's ability to reinvest the Office cash flows in growth projects at returns above the cost of capital. The noughties saw them missing opportunities and making poor acquisitions; however, Satya Nadella, who was appointed Chief Executive in 2014, realised both the potential of the Cloud and how the company's existing assets plus a few additions could amount to a compelling integrated Cloud proposition for corporate customers. The group has the computing capacity to provide Infrastructure and Platform as a Service (IaaS and PaaS) where there are only two competitors: Amazon and Alphabet. In addition, through its Office software, Windows operating system, Teams, Dynamics and LinkedIn, it has a strong hand for competing in most areas of Software as a Service (SaaS). Here the company is up against multiple competitors such as Salesforce.com, ServiceNow and Alphabet again to name but a few. The advantage they have though is two-fold; most corporates already have Windows and Office led legacy systems and so are comfortable with these products and reluctant to change. Secondly, they can integrate across IaaS, PaaS and SaaS so that the customer can have one Cloud vendor where everything operates together. This works provided each component, if not market leading, is at least in the ballpark of competitor systems. For example, Dynamics CRM might not be quite as good as Salesforce but is good enough and is advantaged when taking in to account its integration with Teams, LinkedIn etc. It is this market proposition combined with the fact that Cloud services are still relatively lowly penetrated, that is underpinning their acceleration in growth and bodes well for their long-term future.

Microsoft, which has net cash on its balance sheet of \$49 billion, returned \$27 billion to shareholders through share repurchases and \$16 billion in dividends in the financial year. This amounted to an actual yield based on the average share price over the year of just under 1% and a reduction in share count of 1%. The latter implies the fund's economic interest is 1% greater at the end of the year or that if we sold 1% of our position, we would still have the same economic interest. One could therefore argue there was an available or hypothetical yield of near 2% augmenting the strong capital growth.

Performance



A - TB Chawton Global Equity Income B Acc GBP

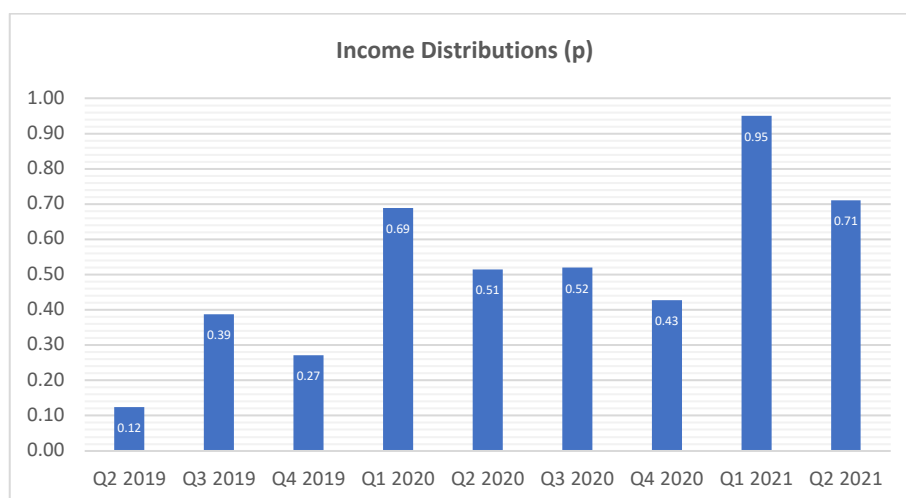
B - MSCI World TR in GBP

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	5.4%	10.5%	17.9%	37.4%
MSCI World TR	4.4%	14.8%	27.5%	37.9%
IA Global Equity Income	2.6%	11.0%	22.9%	22.2%
Quartile	1	3	3	1

Source: FE fundinfo as at 31 July 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.

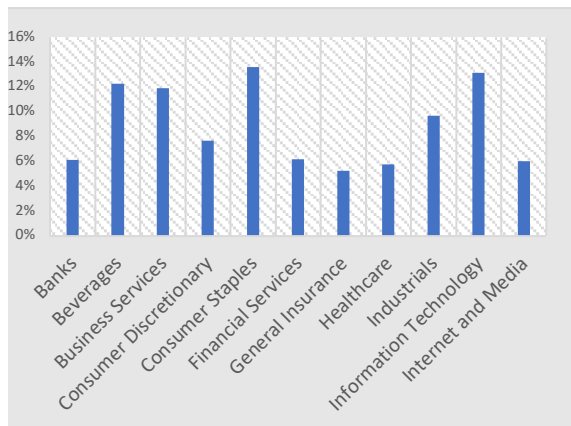
Ten Largest Holdings (% of NAV)

Next plc	4.4%
Procter and Gamble	4.2%
RELX	3.7%
Texas Instruments	3.6%
Atlas Copco	3.5%
L'Oreal	3.5%
Johnson & Johnson	3.5%
Rentokil	3.4%
ASML	3.3%
SEB Enskilda	3.3%

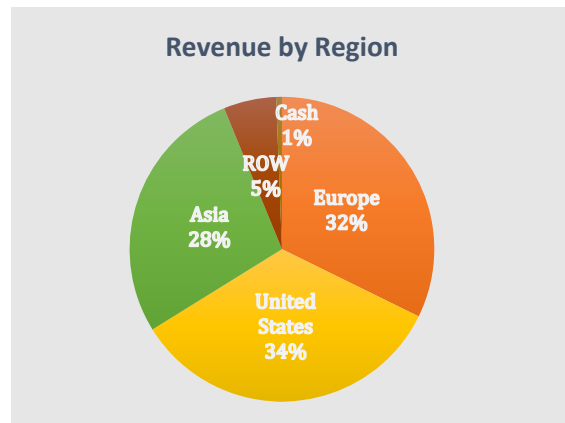
Risks

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

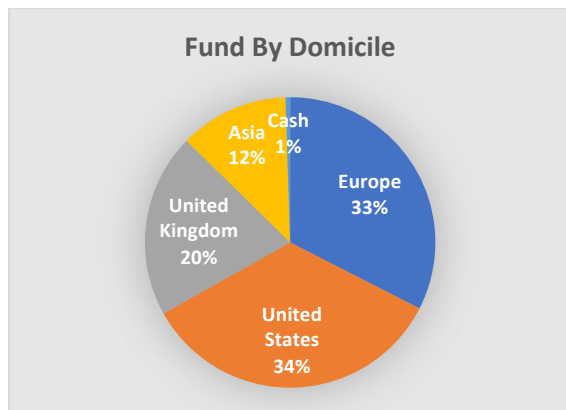
Sector Allocation



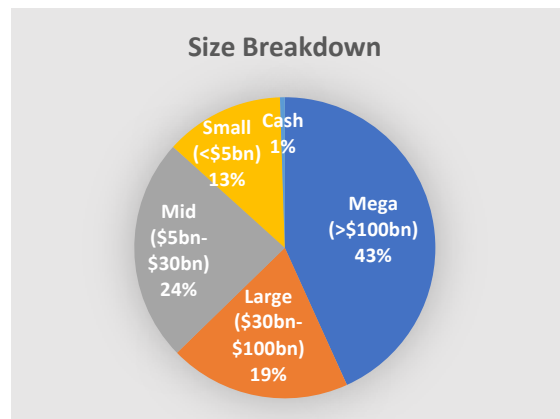
Geographic Breakdown



Listing Breakdown



Size breakdown



Fund Information

Type of scheme	UK OEIC (UCITS)
Launch date	21 May 2019
Total Net Assets	£13.6m
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	2.6p
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%

SEDOL Codes

Class B GBP INC	BJ1GY07
Class B GBP ACC	BJ1GXX3
Class B EUR INC	BJ1GY18
Class B EUR ACC	BJ1GXY4
Class B USD INC	BJ1GY29
Class B USD ACC	BJ1GXZ5
Class C GBP INC	BJ1GY63
Class C GBP ACC	BJ1GY30
Class C EUR INC	BJ1GY74
Class C EUR ACC	BJ1GY41
Class C USD INC	BJ1GY85
Class C USD ACC	BJ1GY52

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	GB00BJ1GY52

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

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.tbaileyfs.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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