TB Enigma Dynamic Growth Fund

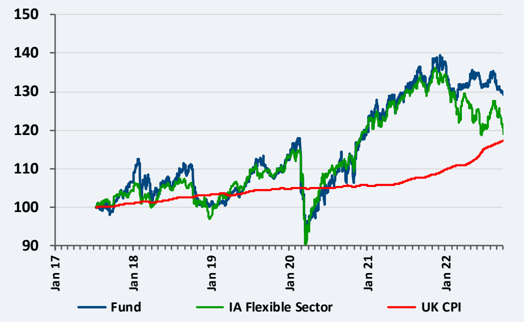
End-September 2022

Data-driven global investing

The objective of the TB Enigma Dynamic Growth Fund is to achieve long-term growth through a combination of capital and income. The Manager uses its proprietary data-driven “Enigma Investment Radar”, which focuses on an objective assessment of Value and Momentum/Trends which are independent of opinion, emotion and forecasts. The Fund adopts a flexible and dynamic asset allocation policy between equities, bonds and cash. The equity investments are achieved by selecting attractive regions and global sectors which are generally implemented using Exchange Traded Funds (ETFs). The Fund adopts an active currency overlay which may seek to protect investors from overseas currency losses and to enhance returns. Use of ETFs enables flexible asset allocation, provides diversification and reduces stock specific risk.

	September	3 Mths	1 Year	2 Years	3 Years	* Since Inception
Fund	**-1.5%**	**-1.9%**	**-3.4%**	**18.6%**	**15.0%**	**29.2%**
IA Flexible Sector	-4.6%	-1.1%	-9.4%	7.4%	7.1%	19.0%
UK CPI	0.6%	2.0%	8.8%	11.0%	12.3%	17.3%

	Year To Date	2021	2020	2019	2018	2017 (from 12/7/17)
Fund	**-5.7%**	**14.1%**	**6.9%**	**11.9%**	**-6.0%**	**6.8%**
IA Flexible Sector	-11.4%	11.4%	7.0%	15.6%	-6.6%	4.4%
UK CPI	6.9%	3.8%	0.8%	1.5%	2.2%	1.1%



Performance shown is the total return (net of fees & costs) for the Accumulation B share class. Inception date was 12 July 2017. The Fund is not managed against any benchmark – the Investment Association Flexible Sector and UK Consumer Price Inflation are shown as Comparator benchmarks as per FCA PS 19-04. The IA Flexible Sector contains a wide array of funds with a flexible mandate, hence the comparator, but many of them have different investment objectives and profiles. Past performance is not a reliable indicator of future performance. Source: Ekins Guinness LLP.

FUND MANAGER COMMENT

The Fund returned -1.5% in September 2022. This is in the context of World Equities and Bonds having had another very difficult negative month. World Equity markets (in price terms) were down over 8% in September, and are down 22% this year (the US Equity market is down 24% so far this year to the end of September). Gilts were down 8% for the month, despite the rally at the end of the month after the much-publicised collapse following the mini-Budget, and have fallen by 25% so far this year. US Treasuries were down 5% in September and are down 17% this year. We have benefitted from the strong Dollar but reduced exposure too early - and now the Dollar is in a dangerous bubble against most currencies, not just Sterling.

A key consideration for all investors is how to achieve a positive return in real terms during a period of such high inflation. This may in fact be the wrong approach because it is extremely difficult and perhaps impossible in a long-only fund. This in turn is because it requires having exposure to risk assets – but equities and bonds have been in a bear market all year, and commodities have now joined them. The risk is that, in trying to achieve a positive real return during an inflation crisis, one might actually achieve a negative return in both real and absolute terms. A large negative absolute return would have been difficult to avoid for anyone with too much exposure to equities or bonds so far in 2022, unless they had been bailed out by significant exposure to the exuberant US Dollar.

A normal consequence of the type of monetary inflation that we are seeing is that all yields rise, which is why equities and bonds markets have fallen (and they started at extremely expensive levels, as we have previously pointed out and which makes matters worse).

Our favoured approach is to be patient and cautious, which largely explains the defensive allocations in the Fund (low equity allocation, focusing on defensive sectors, minimal bond positions and large allocations to cash, short-duration bonds and cash equivalents. It means that the Fund return will not keep up with the inflation as it spikes, but the purpose is to minimise losses as best we can can (ie preserve buying power) for when the time comes to re-invest in equity and/or bond markets. That time will definitely come – this is in many ways a normal cycle in terms of the expansion and now contraction of the global monetary base, albeit an unusually vicious and extreme one. It is unusual to have bear markets in bonds and equities simultaneously, but not unexpected during an inflation surge. The US Federal Reserve was late to take action but now seems determined to bring inflation back down to target, even if it risks a severe recession. At some point, bond markets will start to think about when the next move in the Fed funds target will be down, rather than up, but the Equity markets may take longer to shine because of the probability of falling earnings in 2023.

The key question therefore is whether can get the timing right to re-invest into risk assets when eventually the next cycle starts. Obviously we don’t know yet when that will be or from what market levels, but we have a Value / Momentum model and techniques that seek to do that. It will be impossible to pick the exact bottom, but our plan is to minimise losses as best we can during this market downturn, then to capitalise on opportunities when the storm clouds dissipate. We are likely to deliver returns in the short term below inflation as it peaks, but we hope and expect that the opportunities that arise by minimising losses in the downturn and benefitting from the recovery when it comes will more than offset inflation. We did nudge up the gilts holding after the recent gilts crash and before the recovery induced by the Bank of England’s stabilisation measures.

TB Enigma Dynamic Growth Fund

End-September 2022

Data-driven global investing

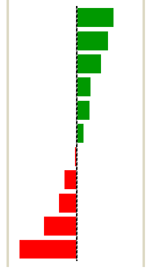
PORTFOLIO HOLDINGS

EQUITIES	**20.2%**
Global Sector ETFs	**17.4%**
db x-trackers MSCI World Consumer Discretionary Ind	3.7%
SPDR MSCI World Health Care UCITS ETF	2.6%
db x-trackers MSCI World Financials Index UCITS ETF (	2.3%
db x-trackers MSCI World Consumer Staples Index UC	2.0%
db x-trackers MSCI World Industrials Index UCITS ETF (	2.0%
db x-trackers MSCI World Utilities Index UCITS ETF (DF	1.9%
db x-trackers MSCI World Information Technology Ind	1.4%
db x-trackers MSCI World Energy Index UCITS ETF (DR)	1.4%
Regional Equity ETFs	**2.9%**
Vanguard FTSE Japan UCITS ETF	1.0%
Vanguard FTSE Developed Europe ex UK UCITS ETF	1.0%
SPDR FTSE UK All Share UCITS ETF	0.9%
FIXED INCOME	**67.8%**
Medium/Long Duration	**12.9%**
Vanguard U.K. Gilt UCITS ETF	6.5%
iShares $ Treasury Bond 7-10yr UCITS ETF	6.4%
Short Duration & Cash Equivalents	**54.9%**
iShares $ Ultrashort Bond UCITS ETF	14.6%
Wisdom Tree USD Floating Rate Treasury Bond UCITS I	6.9%
SPDR Barclays 1-3 Year US Treasury Bond UCITS ETF	18.7%
$ Treasury Bond 0-1y UCITS ETF USD Acc	14.7%
CASH	**12.0%**
TOTAL	**100.0%**

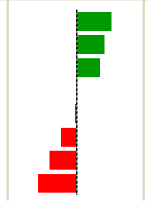
ANALYSIS OF EQUITY EXPOSURE

(pro-rated to 100% on a look-through basis across the ETFs)

BY SECTOR	Equity Allocation	Mkt Cap Wgt	Relative -15% +15%
Cons. Discretionary	19.4%	11.2%	
Utilities	10.0%	3.1%	
Cons. Staples	12.8%	7.5%	
Industrials	12.1%	9.3%	
Energy	7.8%	5.1%	
Healthcare	14.4%	13.0%	
Financials	14.2%	14.5%	
Real Estate	0.1%	2.7%	
Basic Materials	0.9%	4.9%	
Telecoms	0.5%	8.0%	
Technology	7.8%	20.7%	
	100.0%	**100.0%**	



BY REGION	Equity Allocation	Mkt Cap Wgt	Relative -15% +15%
Europe ex UK	18.7%	11.2%	
Japan	11.5%	5.5%	
UK	9.0%	3.9%	
Canada	3.2%	3.4%	
Australasia	1.6%	2.0%	
Dev. Asia ex Japan	0.9%	4.3%	
Emerging Mkts	3.1%	9.2%	
USA	52.0%	60.7%	
	100.0%	**100.0%**	



NET CURRENCY EXPOSURE

(on a look-through basis)

	Underlying	Overlay	Net
GBP	20%	+47%	67%
USD	72%	-47%	25%
CAD	1%	-	1%
AUD	0%	-	0%
Other Dollar	0%	-	0%
EUR	3%	-	3%
CHF	1%	-	1%
Other Europe	0%	-	0%
JPY	2%	-	2%
Emerging	1%	-	1%
	100%		**100%**

INVESTMENT APPROACH

We believe that the two most important drivers for most investment decisions are fundamental value and market trends. Fundamental value determines the potential over the medium/long term but can be a poor indicator of price movements in the short term. Market trends (including momentum and overbought signals) can be a good leading indicator of future price movements but can be dangerous if fundamental value is ignored. We believe that neither analytic should be used in isolation but it is logical to select investments based objectively on the combination of fundamental value and market trends, which are independent of opinion, forecasts and emotion.

ABOUT THE MANAGER

Ekins Guinness LLP was founded by Charles Ekins. Previously he was Chief Investment Officer at Valu-Trac Investment Management, prior to which he spent 19 years at Morgan Grenfell (Deutsche) Asset Management where he was a portfolio manager, member of the Investment Policy Committee and client director. The business is backed by Tim Guinness, Founder & Chairman of Guinness Asset Management. Jasper Falk joined from JP Morgan after 23 years as a senior fixed income specialist & Head of Global Inflation Trading.

✉ contact@ekinsguinness.com ☎ 01264 738989

HOW TO INVEST

Visit: tbaileyfs.co.uk/funds/tb-enigma-funds ☎ 0115 988 8286

Availablity: Aegon, Alliance Trust, Ascentric, Aviva, Barclays, FNZ, Hargreaves Lansdown, Interactive Investor, Novia, Nucleus, Pershing, Transact & Zurich platforms

FUND INFORMATION

Structure
UK Authorised OEIC

UK UCITS
Yes

Size
£10m

ACD, Administrator & Registrar
T. Bailey Fund Services

Depositary
NatWest Bank

Custodian
Northern Trust

Auditor
Cooper Parry

Share Classes
GBP

Minimum Investment
£5,000

Income / Accumulation
Both

Dividend Payment Dates
31 January & 31 July

Valuation & Cut Off
12 noon daily

ISA Eligible
Yes

ISINs
GB00BD8YW428 (Acc)
GB00BD8YW758 (Inc)

SEDOLs
BD8YW42 (Acc)
BD8YW75 (Inc)

Bloomberg
TBEDGBA:LN (Acc)
TBEDBIG:LN (Inc)

Investment Association
Flexible Sector

Fees and Expenses

0.84% Ongoing Charge Figure (as per latest Key Investor Information Document). This comprises a fixed Annual Management Charge of 0.70% (includes administration, custody, depositary, audit, registrar) plus the indirect charges of the various ETFs in which the Fund invests