

# TB Enigma Dynamic Growth Fund

End-July 2023

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.

	July	3 Mths	1 Year	3 Years	5 Years	* Since Inception
<b>Fund</b>	<b>2.6%</b>	<b>3.9%</b>	<b>-2.0%</b>	<b>22.9%</b>	<b>21.7%</b>	<b>30.8%</b>
IA Flexible Sector	1.2%	1.0%	1.6%	16.3%	18.5%	26.2%
UK Inflation*	0.7%	1.1%	6.9%	19.0%	22.0%	25.2%

	Year To Date	2022	2021	2020	2019	2017 (from 12 July)
<b>Fund</b>	<b>2.3%</b>	<b>-6.7%</b>	<b>14.1%</b>	<b>6.9%</b>	<b>11.9%</b>	<b>6.8%</b>
IA Flexible Sector	3.4%	-9.1%	11.4%	7.0%	15.6%	4.4%
UK Inflation*	2.4%	11.0%	4.2%	0.7%	1.5%	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 2.6% in July 2023 which gives a return year-to-date of 2.3% and 30.8% since inception on 12 July 2017.

Equity markets continued to rise in July, by approximately 3% in local price terms which translates to around 2% in GBP terms due to continued slight strength in Sterling / weakness in the US Dollar. Bonds markets were broadly flat in July.

The Fund increased its Equity allocation in June to being nearly fully invested because Equity momentum and price trends were sufficiently supportive after the recovery from the Equity weakness in 2022 that it seemed reasonable to move on from necessarily expecting a high risk of the 2022 Equity bear market from resuming. There hasn't been any notable deterioration in equity momentum and price trends since then, so in this respect there is no change from the June conclusion. The minor setback in Equities so far in early August is just noise.

Meanwhile World Bond Market Value Yield has been steadily increasing over recent months. This is partly because nominal Bond yields are towards the top end of their range, but primarily because of the fall in inflation especially in the USA. Bond markets are not yet cheap (nominal yields are now similar to latest inflation prints, so real yields have moved from being negative to around zero). However, the speed of the fall in inflation has generated a rapid improvement in the Bond Value Yield. It is the speed and extent of this increase in Bond Value Yield which has now reached certain thresholds that we consider to be key and this provides a potential tactical opportunity in Bond markets. Note that it is a “potential” opportunity because there is not yet any meaningful improvement in price behaviour for Bond markets (ie the tactical opportunity in terms of Value has not yet led to any market reaction), so our model is therefore not yet allocating to Bonds.

However, this tactical Value opportunity in Bonds poses a potential risk to Equity markets. For this reason, our model has reduced risk levels in early August by reducing the Equity allocation. If Bond markets do rally, it may not necessarily be good for Equity markets. For example, it is not a consensus opinion that the US and other economy will weaken significantly despite the increasingly tight monetary policy, and this poses a potential risk for Equities in terms of earnings disappointments.

Our approach is to let this Bond tactical opportunity play itself out, and to be cautious on Equities until that has occurred. Equities have been fairly exuberant since last October, and it would be easy for investors to get back into a risk-off mode like last year. Because the future is always unclear, we rely on various indicators based around Price Trends and Valuation measurements to guide us. The potential danger to Equities from this meaningful improvement in Bond Value Yield may not materialise, but we will cross that bridge when we get to it.

There is a change within markets of leadership at the Global Sector level. Technology, after strong outperformance this year, is undergoing a relative correction. As such, in early August we have reduced the exposure to Technology. It has largely been reinvested into Energy which has underperformed for many months but which is now experiencing improved momentum due to the Oil price strength.

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## PORTFOLIO HOLDINGS

EQUITIES	95.7%
<b>Global Sector ETFs</b>	<b>85.7%</b>
X Msci World Cons Disc	17.0%
Xtrackers MSCI World Industrials ETF	16.4%
SPDR MSCI World Technology	15.3%
X Msci World Info Tech	15.2%
X Msci World Telecom Services	8.7%
SPDR MSCI World Industrials	6.0%
SPDR MSCI World Consumer Discretionary	5.0%
Xtrackers MSCI World Energy ETF	1.0%
Spdr Global Real Estate	1.0%
<b>Regional Equity ETFs</b>	<b>10.0%</b>
Ishares Core S&P 500 ETF USD	7.0%
Vanguard FTSE Japan UCITS ETF USD Dist	3.0%
<b>FIXED INCOME</b>	<b>2.0%</b>
<b>Medium/Long Duration</b>	<b>0.0%</b>
<b>Short Duration &amp; Cash Equivalents</b>	<b>2.0%</b>
Ishares USD Treasury 0-1yr UCITS ETF	2.0%
<b>GOLD &amp; COMMODITIES</b>	<b>0.0%</b>
<b>CASH</b>	<b>2.3%</b>
<b>TOTAL</b>	<b>100.0%</b>

## ANALYSIS OF EQUITY EXPOSURE

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

BY SECTOR	Equity Allocation	Mkt Cap Wgt	Relative	
			-20%	+20%
Industrials	24.8%	9.3%		
Technology	33.8%	20.7%		
Cons. Discretionary	24.1%	11.2%		
Comm. Services	10.0%	8.0%		
Real Estate	1.2%	2.7%		
Utilities	0.3%	3.1%		
Energy	1.4%	5.1%		
Basic Materials	0.4%	4.9%		
Cons. Staples	1.3%	7.5%		
Healthcare	1.3%	13.0%		
Financials	1.4%	14.5%		
	<b>100.0%</b>	<b>100.0%</b>		

BY REGION	Equity Allocation	Mkt Cap Wgt	Relative	
			-20%	+20%
USA	69.9%	60.0%		
Japan	12.1%	5.7%		
Europe ex UK	11.2%	10.6%		
Australasia	0.7%	2.1%		
Canada	1.9%	3.6%		
UK	2.0%	3.9%		
Dev. Asia ex Japan	0.5%	4.2%		
Emerging Mkts	1.7%	10.0%		
	<b>100.0%</b>	<b>100.0%</b>		

## NET CURRENCY EXPOSURE

(on a look-through basis)

	Underlying	Overlay	Net
GBP	4%	+46%	51%
USD	69%	-46%	22%
CAD	2%	-	2%
AUD	1%	-	1%
Other Dollar	0%	-	0%
EUR	8%	-	8%
CHF	1%	-	1%
Other Europe	2%	-	2%
JPY	12%	-	12%
Emerging	2%	-	2%
	<b>100%</b>		<b>100%</b>

## 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.

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## HOW TO INVEST

Visit: [tbaileyfs.co.uk/funds/tb-enigma-funds](http://tbaileyfs.co.uk/funds/tb-enigma-funds) ☎ 0115 988 8286

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

## FUND INFORMATION

<b>Structure</b>	UK Authorised OEIC	<b>Size</b>	£9m
<b>ACD, Administrator &amp; Registrar</b>	T. Bailey Fund Services	<b>Auditor</b>	Cooper Parry
<b>Depository</b>	NatWest Bank	<b>Custodian</b>	Northern Trust
<b>Investment Association</b>	Flexible Sector	<b>Dividend Payment Dates</b>	31 January & 31 July
<b>Valuation &amp; Cut Off</b>	12 noon daily	<b>Base Currency</b>	GBP
<b>UK UCITS</b>	Yes	<b>ISA Eligible</b>	Yes
<b>Share Classes</b>			
	<b>B Accumulation</b>	<b>B Income</b>	<b>Z Accumulation</b>
			<b>Z Income</b>
Currency	GBP	GBP	GBP
Periodic Charge <sup>1</sup>	0.70%	0.70%	0.45%
OCF <sup>2</sup>	0.87%	0.87%	0.62%
Minimum Investment	£5,000	£5,000	£200,000
Minimum Addition	£1,000	£1,000	£1,000
ISIN	GB00BD8YW428	GB00BD8YW758	GB00BLFFGD12
SEDOL	BD8YW42	BD8YW75	BLFFGD1
Notes:			
1	The Periodic Charge is a fixed annual charge which includes administration, custody, depository, audit, registrar etc		
2	OCF (Ongoing Charge Figure) is as per the latest Key Investor Information Document. The OCF comprises the fixed Periodic Charge plus the indirect charges of the various ETFs in which the Fund invests		

**DISCLAIMER & RISK WARNING:** Full details of the TB Enigma Dynamic Growth Fund, including risk warnings, are published in the Prospectus and Supplementary Information document. The TB Enigma Dynamic Growth Fund is exposed to global financial markets and therefore is subject to market fluctuations and other risks inherent in such investments. Investments in overseas markets may be affected by changes in exchange rates, which could cause the value of your investment to increase or diminish. The manager may enter into derivative transactions for efficient portfolio management purposes (including hedging) and investment purposes. The value of investments can go down and investors could lose all or substantial parts of their investments. Past performance is not a reliable indicator of future performance. You should not treat this report as a recommendation to buy, sell or trade the Fund or any of the investments mentioned. Recipients of this document should conduct their own due diligence and research before making their own investment decision. Ekins Guinness LLP is authorised and regulated by the Financial Conduct Authority. © Ekins Guinness LLP 2023. All rights reserved.