

**TM STONEHAGE FLEMING
OPPORTUNITIES FUND**

PREVIOUSLY KNOWN AS TM CAVENDISH OPPORTUNITIES FUND



**ACTIVELY
MANAGED**



**STOCK PICKING
APPROACH**



**LONG-TERM
INVESTMENT HORIZONS**



**NAVIGATING TO INVESTMENTS
WITH CLEAR STRATEGIES**



**GROWTH
MINDSET**

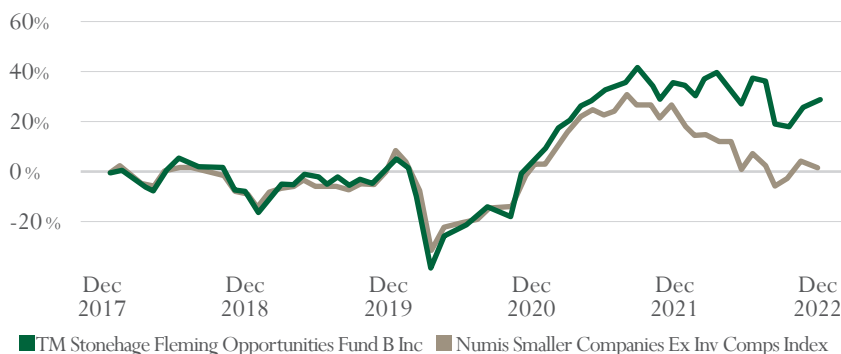
INVESTMENT OBJECTIVE

The fund aims to achieve long-term capital growth.

INVESTMENT POLICY

The Fund aims to invest in equities falling mainly under the following categories: smaller companies which offer long-term growth; companies which offer recovery prospects; and companies in sectors which are perceived to be unduly depressed. There is no geographical restriction but in practice the fund will be mainly invested in the UK.

PORTFOLIO PERFORMANCE



STANDARDISED FUND PERFORMANCE (%)

Performance	3m	6m	YTD	1yr	3yrs	5yrs
TM Stonehage Fleming Opportunities Fund B Inc	9.5	2.7	-3.4	-3.4	22.3	28.7
Numis Smaller Companies Ex Inv Comps Index	9.9	3.0	-17.9	-17.9	-4.2	1.5

DISCRETE 12 MONTH PERFORMANCE (%)

12 months to 31 December	2022	2021	2020	2019	2018
TM Stonehage Fleming Opportunities Fund B Inc	-3.4	27.5	-0.6	24.7	-15.6
Numis Smaller Companies Ex Inv Comps Index	-17.9	21.9	-4.3	25.2	-15.3

CALENDAR YEAR PERFORMANCE (%)

Performance	YTD	2021	2020	2019	2018	2017
TM Stonehage Fleming Opportunities Fund B Inc	-3.4	27.5	-0.6	24.7	-15.6	13.9
Numis Smaller Companies Ex Inv Comps Index	-17.9	21.9	-4.3	25.2	-15.3	19.5

Source: Morningstar as at 31/12/22, % growth, total return, GBP, single price, UK net income reinvested with no initial charges.

PERFORMANCE DISCLOSURE

Past performance is not a guide to future performance. The value of investments can fall. Investors may not get back the amount invested. Income from investments may vary and is not guaranteed. For a full list of risks applicable to this fund, please refer to the Prospectus. If the information is not displayed in your base currency, then the return may increase or decrease due to currency fluctuations. Source for all performance is Stonehage Fleming Investment Management Limited as at 31 December 2022. Total return (with dividends reinvested) is net of fees.

The fund can invest in a broad range of shares including AIM shares and smaller companies. Some of these investments carry a higher risk of failure and may be less liquid than shares listed on other exchanges. These shares may also be harder to sell quickly because of this lower liquidity. AIM shares and smaller company shares may also experience greater price volatility which could affect also the value of the fund.

KEY FACTS

Launch Date	15 February 1988
IA Sector	UK All Companies
Fund Size	£110.5m
Dealing Frequency	Daily

FEES

Initial Charge	Up to 5.00%
Ongoing Charges Figure (OCF) ²	0.66%
Annual Management Charge	0.60%

² The OCF is the management fee plus additional fund expenses (excluding transaction costs) as a percentage of the assets of the fund. This gives an indication of annual expenses which may vary over time.

MINIMUM INVESTMENT

Lump Sum	£50,000
Additional	£5,000
Regular Savings	N/A

FUND MANAGER



PAUL MUMFORD

Paul Mumford began his career in 1963 working initially as an Analyst for Norris Oakley Brothers and later as a smaller companies expert at R Nivison. Paul moved to fund management in 1988 when he joined Glenfriars. Paul then joined Cavendish Asset Management at the group's formation in 1994 and funds were launched. The group was subsequently acquired by Stonehage Fleming in July 2020. Paul is the co-manager of the TM Stonehage Fleming AIM Fund and the TM Stonehage Fleming Opportunities Fund.

FUND MANAGER



NICK BURCHETT

Nick Burchett began his career in 1983 at Strauss Turnbull and subsequently joined W.I. Carr in 1990 which later became Investec Wealth & Investment after a number of mergers and acquisitions. Nick dealt extensively with portfolios of UK equities, markets and execution strategies. After 27 years at Investec he joined Cavendish Asset Management in November 2017 to jointly manage this fund. The acquisition of Cavendish Asset Management was subsequently made by Stonehage Fleming in July 2020. Nick is the co-manager of the TM Stonehage Fleming AIM Fund and the TM Stonehage Fleming Opportunities Fund.

AWARDS



**TM STONEHAGE FLEMING
OPPORTUNITIES FUND**

PREVIOUSLY KNOWN AS TM CAVENDISH OPPORTUNITIES FUND

ENQUIRIES

ENQUIRIES AND DEALING	
0333 300 0375	
(press 1 for Enquiries, press 2 for Dealing)	
DEALING:	
Thesis Unit Trust Management Limited, PO Box 3733, Royal Wootton Bassett, Swindon, SN4 4BG	
SEDOL CODES:	
Class B Share	3221110
ISIN CODES:	
Class B Share	GB0032211103
LIPPER IDS:	
Class B Share	60009019

SECTOR ALLOCATION (%)

Energy	25.2
Industrials	19.6
Information Technology	14.4
Health Care	6.6
Consumer Discretionary	6.9
Communication Services	7.7
Real Estate	7.3
Financials	4.8
Materials	3.2
Consumer Staples	2.4
Cash	1.7

TOP TEN HOLDINGS (%)

MS International Plc	7.1
Serica Energy Plc	6.0
Bisichi Plc	5.3
Lok'nStore Group Plc	4.6
Kistos Plc	3.4
Bango Plc	3.2
M&C Saatchi Plc	3.2
Parkmead Group Plc	3.2
Senior Plc	2.8
ZOO Digital Plc	2.7

Source: Thesis Unit Trust Management Limited and Stonehage Fleming Investment Management as at 31 December 2022. Third parties whose data may be included in this document do not accept any liability for errors or omissions.

PORTFOLIO COMMENTARY

The London Stock market was slightly lower on the run up to the end of the calendar year but it was pleasing to see that the TM Stonehage Fleming Opportunities Fund advanced by 3.90% which compared to a fall of 0.95% in the Numis Smaller companies (ex-investment companies) Index. There was generally a firmer tone throughout the portfolio but the stand out performer was from our holding in MS International where the share price rose significantly on the back of a large initial order for its counter-drone mobile gun.

It was notable that Sterling remained firm to reflect the more prudent measures announced in the Autumn Statement. Confidence also returned to the gilt market and yields stabilised. Even the 0.5% rise in Bank Rate to 3.5% did not unsettle the stock market. Investors seem to have factored in the possibility of a global recession but it was likely to be a shallow one.

During the month, and after a strong performance we took the opportunity to reduce our holding in Standard Chartered. We reinvested the proceeds in Vodafone. The share price was languishing near its low point on concerns the company will cut the dividend to reduce the level of borrowings. Sentiment was also not helped by the burden of the rise in interest rates. However, the company has a strong cash flow and has been selling non-core interests to raise capital. A reduction in the dividend paid might actually have some positive implications even though income funds could be forced to sell holdings. Rather bizarrely the company is still effecting its share "buy-back" programme and we feel that the shares are an attractive long term recovery situation. In the smaller company area we have added to our interest in Inspec. The share price collapsed after a disappointing trading statement linked to German consumer confidence and it at a level where there is considerable recovery potential. The company is a leading manufacturer of spectacle frames and lenses and is in a strong position to increase its market share.

The mild weather has meant that oil and gas prices have eased back further and although the North Sea windfall tax rate increased from 25% to 35% it might be

less onerous than first feared. Already several companies have announced a reduction in drilling programmes in order to concentrate on geographical areas of the world which have a more attractive tax regions. Most of our holdings in the oil and gas sector are smaller companies which are in the position to acquire assets from larger companies. The windfall tax could lower the valuation of some assets and make them more attractive acquisitions as a relatively small amount of capital investment would greatly enhance the underlying value. An example of this is our holding in Serica, which doubled production through an earnings enhancing acquisition. A positive note on the softening of oil and gas prices is also the benefit on bringing down energy costs and also the underlying rate of inflation. At present the huge wage demands and strikes for higher pay is worrying and it is hoped that there will be a sensible outcome. Many of the companies which we meet are still able to pass on any higher costs and a subsequent decline in the rate of inflation would be helpful.

During 2022 there have been many headwinds facing companies. The invasion of Ukraine and sanctions against Russia have been behind the rise in energy costs, interest rates, food prices and global inflation. Raw material costs have risen and in the UK wage demands escalated on the back of inflation at 10%. Component shortages and transportation costs added to the problems as have the COVID measures taken by the Chinese government to slow its economy. Several companies and particularly those listed on AIM have been friendless and many of the more marketable shares have suffered as a result of selling by funds facing investor redemptions. This has created the situation which has enabled us add to holdings where considerable value exists. Looking forward, we have noted the lower energy costs and feel that inflation may have peaked. Other pressures exist but smaller companies are very adaptable and able to implement cost cutting if required. Following the upheavals in the Conservative Party, there is a more prudent economic policy in place giving a stable background, which can also be seen by the recent performance of Sterling. There could still be further stock market volatility but we feel the fund is well positioned to take advantage of improved conditions.

IMPORTANT INFORMATION

This is a marketing communication issued by Stonehage Fleming Investment Management Limited (SFIM). SFIM is the investment manager of the Fund.

All investments risk the loss of capital. No guarantee or representation is made that the funds will achieve their investment objective.

The value of investments may go down as well as up. For products designed to return income, the distributions can also go down or up and you may not receive back the full value of your initial investment.

Derivatives have not been used but are allowed if appropriate for efficient asset management. The Fund only invests in UK assets but is allowed to hold shares on overseas exchanges. This would occur in the event of a company delisting from the London stock market and would not be expected to be material. Hence, there would be limited foreign exchange risk.

Past performance is not a guide to future returns. If the information is not displayed in your base currency, then the return may increase or decrease due to currency fluctuations.

The distribution or possession of this document in jurisdictions outside the United Kingdom may be restricted by law or other regulatory requirements.

For details of the Funds investment policy, please see the Investment Objective and Policy

section of the Fund Prospectus Document.

Whilst every effort is made to ensure that the information provided to clients is accurate and up to date, some of the information may be rendered inaccurate by changes in applicable laws and regulations may be subject to change in the future.

The information in this document does not constitute legal, tax, or a personal recommendation.

The Fund is authorised in the United Kingdom and regulated by the Financial Conduct Authority.

The Authorised Fund Manager is Thesis Unit Trust Management Limited, Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP. Authorised and regulated by the Financial Conduct Authority.

Before you invest you should read the Key Investor Information Document (KIID) and the Prospectus which contain detailed information. These documents are available in English, free of charge, upon request by writing to Thesis Unit Trust Management Limited at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP; or by phoning 01483 783 900 between 9am and 5pm Monday to Friday; or on the website at www.fundlistings.com.

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