

# 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

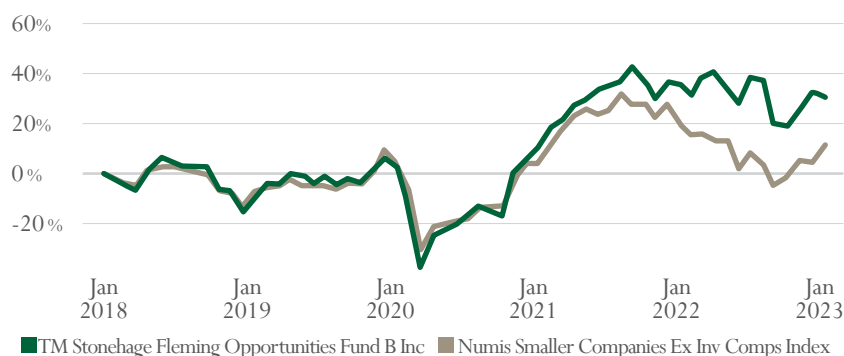
## INVESTMENT OBJECTIVE

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 | 9.6  | -5.2 | -1.4 | -3.7 | 25.8 | 30.7 |
| Numis Smaller Companies Ex Inv Comps Index    | 13.0 | 3.1  | 6.1  | -7.5 | 5.5  | 11.1 |

## DISCRETE 12 MONTH PERFORMANCE (%)

| 12 months to 31 January                       | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|------|------|------|------|------|
| TM Stonehage Fleming Opportunities Fund B Inc | -3.7 | 22.1 | 7.0  | 14.3 | -9.1 |
| Numis Smaller Companies Ex Inv Comps Index    | -7.5 | 15.1 | -0.9 | 13.7 | -7.4 |

## CALENDAR YEAR PERFORMANCE (%)

| Performance                                   | YTD  | 2022  | 2021 | 2020 | 2019 | 2018  |
|---|------|-------|------|------|------|-------|
| TM Stonehage Fleming Opportunities Fund B Inc | -1.4 | -2.6  | 27.5 | -0.6 | 24.7 | -15.6 |
| Numis Smaller Companies Ex Inv Comps Index    | 6.1  | -17.9 | 21.9 | -4.3 | 25.2 | -15.3 |

Source: Morningstar as at 31/01/23, % 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 January 2023. 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         | £108.6m          |
| Dealing Frequency | Daily            |

## FEES

|   |             |
|---|-------------|
| Initial Charge                            | Up to 5.00% |
| Ongoing Charges Figure (OCF) <sup>2</sup> | 0.66%       |
| Annual Management Charge                  | 0.60%       |

<sup>2</sup> 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

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## ENQUIRIES

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

## SECTOR ALLOCATION (%)

|                        |      |
|------------------------|------|
| Energy                 | 21.9 |
| Industrials            | 20.1 |
| Information Technology | 15.6 |
| Communication Services | 8.6  |
| Health Care            | 7.3  |
| Real Estate            | 7.2  |
| Consumer Discretionary | 7.0  |
| Financials             | 4.2  |
| Materials              | 3.4  |
| Consumer Staples       | 2.5  |
| Cash                   | 2.3  |

## TOP TEN HOLDINGS (%)

|                      |     |
|----------------------|-----|
| MS International Plc | 6.5 |
| Serica Energy Plc    | 5.4 |
| Lok'nStore Group Plc | 4.7 |
| Bisichi Plc          | 4.6 |
| Bango Plc            | 4.0 |
| M&C Saatchi Plc      | 3.5 |
| Senior Plc           | 3.5 |
| Kistos Plc           | 3.0 |
| ZOO Digital Plc      | 2.7 |
| EnQuest Plc          | 2.7 |

Source: Thesis Unit Trust Management Limited and Stonehage Fleming Investment Management as at 31 January 2023.  
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 rallied strongly at the start of the year and the Numis Smaller companies (ex-investment companies) Index was up 6.09% but the TM Stonehage Fleming Opportunities Fund declined by 1.4% to give up the material out-performance which was seen in December. The main reason was the under performance of our holdings in the oil and gas sector where share prices reflected the decline in energy prices as a result of the unseasonably mild weather conditions.

Global stock markets also recovered well in the month and Sterling remained firm to reflect the Government's cautious management of the UK economy. Inflation fell marginally but remains at a high level. The 0.5% rise in BOE Base Rate to 3.5% was anticipated and a further increase looks likely. Even the thoughts of a global recession did not unsettle the stock market and investors seem prepared to overlook short term headwinds.

The share price of Standard Chartered Bank increased sharply on the news that the First Abu Dhabi bank had considered making a takeover approach but decided not to proceed. Following the outperformance we sold the remainder of our holding to switch into Vodafone where the share price has been depressed on the fears that, in order to strengthen the balance sheet, it might reduce the dividend payment. Bearing in mind that the company is still instigating a share "buy back" programme the dividend reduction might actually not happen. However, we would look at a rebased dividend as being a positive factor. On a similar valuation consideration, we reduced our holding in Hunting (Oil Services) to increase our interest in Chemring (defence). We also sold our holding in Kier (construction) to reduce our interest to an area affected by inflationary headwinds and we added to Made Technology (IT outsourcing) where a good recovery on the back of a strong order book looks likely. The company has a number of contracts from blue chip government departments and continues to be successful winning further mandates. We reduced our exposure to the energy company IOG which produced disappointing production results from one of its major fields. The company operates in the Southern North Sea and owns a number of licences plus a pipeline and infrastructure. We would be prepared to revisit and increase our weighting in the event of some positive news flow.

As mentioned earlier, the mild weather has continued through January causing oil and gas prices to ease back further and the North Sea windfall tax rate increasing at 35% 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 which would feed through to the underlying rate of inflation. At present the huge wage demands and strikes from a number of sectors for higher pay is worrying and it is hoped that there can be sensible outcomes. 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.

A number of headwinds are facing companies as we move into 2023. Energy costs, the rise in interest rates, food prices and global inflation are linked to the Russian invasion of the Ukraine and subsequent sanctions. 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. Smaller 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 be peaking. 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 more stable outlook, which can also be seen by the recent strength of Sterling. There may well 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](http://www.fundlistings.com).

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