



# EVENLODE

INVESTMENTS FOR LIFE

## TB EVENLODE GLOBAL INCOME FUND

- 
- ✓ Emphasis on sustainable real dividend growth
  - ✓ A focus on companies with high returns on capital and strong free cash flow
  - ✓ Concentrated portfolio of 25-40 high quality dividend-paying global equities
  - ✓ Low portfolio turnover with long-term holding periods
  - ✓ Invests across the world in companies with diverse multi-national revenue streams

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“The Evenlode Global Income Fund is a portfolio of highly cash-generative companies from around the world that is designed to provide both an attractive dividend yield today and prospects for higher than average, inflation-beating dividend growth.”

Ben Peters, Portfolio Manager



# FEATURES OF THE EVENLODE GLOBAL INCOME FUND

## THE FUND'S OBJECTIVES

The principal aim of the Evenlode Global Income Fund is to provide long-term total returns with an emphasis on income.

- Grow the dividend in real terms on a consistent basis
- Outperform global developed market equity indices over the longer term
- Generate returns with less volatility and downside risk than the market

## WHAT INVESTORS CAN EXPECT

By investing in the Evenlode Global Income Fund, investors can expect a fund that is focused on:

- Identifying the best businesses, investing in them at sensible prices, and letting their attractive underlying economics drive returns
- Delivering a stream of dividends from the businesses owned in the portfolio, backed by high and growing levels of free cash flow
- Investing for the long-term in global market leaders alongside lesser known hidden champions.

## MANAGERS OF THE FUND

**Ben Peters** will be the lead manager of the fund, alongside **Chris Elliott** as co-manager. Ben and Chris are integral members of the close-knit Evenlode investment team.

As with the Evenlode Income Fund, the team have a very collegiate approach to decision-making, with the other members of the team, **Hugh Yarrow** and **Stephanie Pestell**, providing stock analysis, industry insights and valuation input for the fund.

Ben joined Evenlode in 2008, and has been co-manager of the Evenlode Income Fund since 2012. He is a scientist by background; he holds a PhD in Nanotechnology from Oxford University and a degree in Astrophysics from UCL.



Chris joined Evenlode in early 2015 having been a software engineer for a number of years. He has a degree in Economics from Cambridge University and has completed all three CFA exams.



## REASONS TO INVEST IN THE FUND

### QUALITY FOCUS WITH A GLOBAL REMIT

Investing in quality businesses from around the world that exhibit the high returns on capital and contain the intangible assets that lead to attractive returns to investors.

### A DISCIPLINED LONG-TERM APPROACH

A long-term investment strategy for investors, underpinned by a disciplined and consistent process.

### AWARD-WINNING INCOME MANAGERS

A team with 8 years' experience in managing income portfolios and a proven track record in delivering both capital growth and a sustainable, growing income.

# THE EVENLODE INVESTMENT APPROACH

The Evenlode Global Income Fund will be managed with the same philosophy and process as the multi award-winning Evenlode Income Fund\*, applying it to a broader pool of the world's greatest businesses.

## THE KEY FACTORS OF THE APPROACH:

### Only investing in the highest quality companies

Evenlode frames quality using two questions: "Does the company generate a high level of cash flow relative to that needed to maintain and grow the business?" and "Why should the business continue to be able to generate those high cash flows in the future?" The combination of the two results in companies that can reinvest in themselves, fund their dividends and insulate against lean times.

### Equity investing is about owning long-term stakes in real life businesses

Benjamin Graham once said "in the short run, the market is a voting machine but in the long run, it is a weighing machine". Evenlode focuses on analysing the fundamental prospects of companies over the long-term, allowing the persistent profitability of companies to drive investor returns. This focuses trading decisions, minimises portfolio turnover and reduces trading costs.

### High active share, valuation-based approach

Evenlode utilises a proprietary valuation model to identify investment opportunities, examining long-term cash flows. Even the best quality business can be a bad investment if purchased at the wrong price, while cheap stock prices may correctly represent increased fundamental risk. For these reasons, the team supports investment decisions with detailed company and industry analysis.

### Sustainable real dividend growth

By remaining true to the Evenlode investment philosophy, the Global Income Fund targets a growing and sustainable dividend stream over the long term, that can provide returns to investors through the good times and the bad. A focus on sustainable cash flows and healthy balance sheets helps insulate companies from unpredictable macroeconomic and cyclical shocks.

### \*Evenlode Income Fund Awards

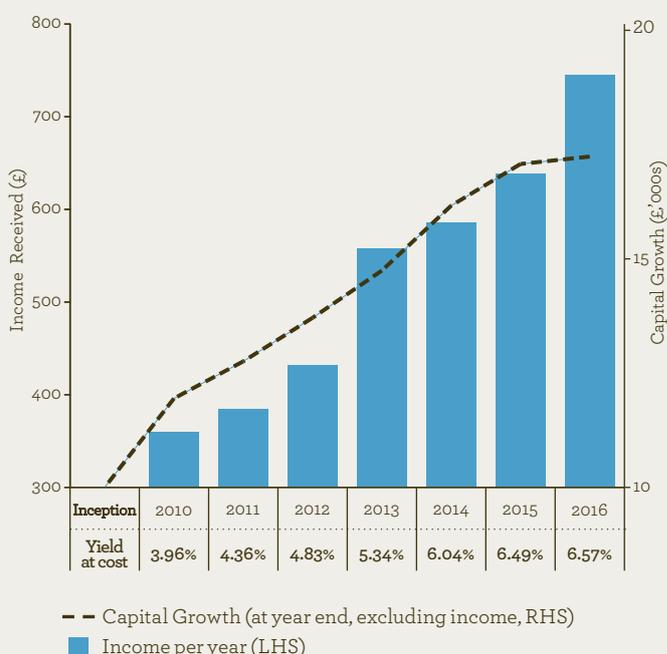
Investment Week: "Fund Manager of the Year Awards" Winner: UK Income 2016, Money Observer: "Fund Awards" Winner: Best Larger UK Equity Income Fund 2016 & 2017, Best Smaller UK Equity Income Fund 2014, What Investment: "Unit Trust Awards": Best UK Equity Income Fund 2016, Citywire: "UK Awards" – UK Equity Income Winner 2017, Thomson Reuters Lipper: "Fund Awards UK" – Best Fund over 3 years UK Income 2017.

## TEAM TRACK RECORD OF DELIVERING TOTAL RETURNS & SUSTAINED DIVIDEND GROWTH

### Total Return of the TB Evenlode Income Fund compared to the Lipper Global: Equity UK Income†



### Capital Growth and Income Received on £10,000 invested in TB Evenlode Income at inception



### †Source: Lipper, a Thomson Reuters Company, NAV to NAV (GBP) from launch on 19 October 2009 to 30 September 2017

The past performance of the TB Evenlode Income Fund is included here for illustrative purposes only; it is not indicative of any future performance. Both funds are subject to normal stock market fluctuations and other risks inherent in such investments. The value of your investment and the income derived from it can go down as well as up, and you may not get back the money you invested, you should therefore regard your investment as medium-to-long-term.

# IDENTIFYING QUALITY COMPANIES

## A FOCUS ON QUALITY

Evenlode has a sole focus on 'quality' companies. Through analysis of both quantitative and qualitative factors, the team is able to find the companies most able to generate sustainable growth over time, with a limited need for capital reinvestment.

### QUANTITATIVE FACTORS

#### Profitability

We are looking for business that have high profits relative to capital employed (e.g. high and consistent return on assets, return on invested capital and return on equity). For us this is the most important indicator of quality.

#### Low Capital Intensity

Businesses in our investable universe are 'asset-light' with low capex-to-sales ratios. This leads to high free cash flows, sustainable dividends and an ability to self-fund future growth.

#### Low Leverage

We look for financially strong businesses where high profitability can be achieved without leverage.

### QUALITATIVE FACTORS

#### Economic Moat

We like companies in rational, mature sectors with hard-to-replicate business models and intangible assets. We also like sectors where the likelihood of substitution risk or disruptive technology is low, making economic moats more sustainable.

#### Pricing Power

We like sectors where customers buy the product based on its perceived value to them (rather than production cost). We avoid sectors that are subject to price regulation.

#### Risk Management

We acknowledge that all companies face risks. We like management teams that are aware of the risks they face and manage the business accordingly.

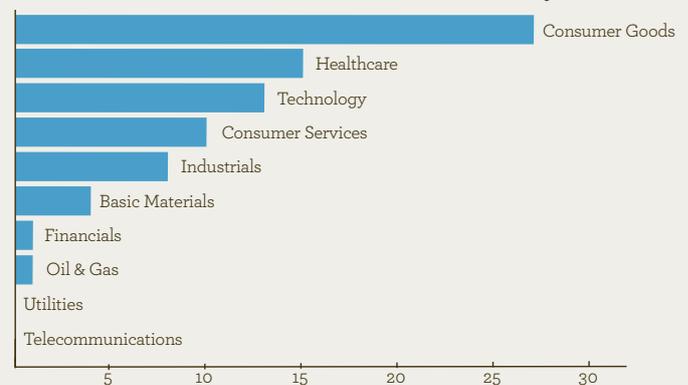
### EVENLODE GLOBAL UNIVERSE

Only the companies that meet all the Quantitative and Qualitative factors referred to above make it into an investable universe of around 85 stocks, from which 25-40 are chosen for the portfolio.

Evenlode's rigorous investment approach of investing only in high quality, asset-light companies means that the fund will always have a bias towards sectors where these types of business models are more prevalent, including Consumer Goods, Technology, Healthcare and Consumer Services.

Exposure to sectors that are very asset-heavy or highly leveraged, such as Financials, Oil & Gas, Utilities and Telecommunications, is likely to be low.

#### Evenlode Global Universe – Number of firms by sector



### STOCK SELECTION

Having defined our high quality investable universe of candidates, we select stocks for the portfolio based on a valuation discipline that focuses on long-term free cash flows. We believe that the combination of this valuation discipline and the fundamental business characteristics we look for help manage risk and enhance long-term capital and dividend returns over time.

### PORTFOLIO CONSTRUCTION

#### Portfolio designed with extensive focus on:

- Portfolio valuation and yield, while prudently managing key risk factors such as leverage or exposure to economic cycles.
- Geographically diversified revenue streams to provide resilience.
- Individual stock position sizes, carefully chosen and monitored based on company-specific risks and characteristics.

# GLOBAL PORTFOLIO

## DIVERSE MULTI-NATIONAL INCOME STREAM

The global mandate of this income fund ensures free cash flow and dividend streams from diverse geographies. Many of the companies that the fund will invest in tend to be global in nature, often dominating a niche in their industry.

These multi-national revenues are attractive, diversifying cash flows and providing some insulation from country-specific economic risk. The country of listing is therefore increasingly less relevant for these global businesses.

“We look to insulate the portfolio from macro-economic events rather than make big predictions. We invest in companies whose cash flow and dividends are protected from a wide range of outcomes by their resilient business models and recurring, global revenue streams.”

Hugh Yarrow, CIO, Evenlode



## EXAMPLES OF POTENTIAL HOLDINGS

### Kone (Industrials)

- A global leader in the highly consolidated elevator and escalator industry, with excellent exposure to growing cities in emerging markets, supported by strong demographic trends.
- Recurring revenues generated from growing after-sales servicing, retrofitting and upgrades; with safety concerns paramount in operator decision-making.

### Nestle (Consumer Goods)

- Portfolio of renowned international brands, including San Pellegrino, Nespresso & KitKat, and with a focus on driving future growth through investment in marketing and innovation.
- Excellent exposure to emerging markets, often operating as the most trusted brand among consumers and supporting development in sustainable economic growth and nutrition.



### Microsoft (Technology)

- Designs and markets an ecosystem of software and hardware products, with trusted software brands and products integrated into the lives and businesses of millions worldwide.
- Operates a culture of development with an emphasis on supporting the business user and giving them access to new technologies, including cloud computing and augmented reality.

### Cochlear (Healthcare)

- Market leader in cochlear implants, in terms of both the installed base and patent protected innovation. Excellent demographic drivers from ageing developed market populations and increased access to aural care globally.
- Customers motivated by quality, software improvements and long-term support, instead of price, with recurring revenues from upgrades and services.

# FUND FACTS & HOW TO INVEST

## FACTS & FIGURES OF THE FUND

Lead Manager	Ben Peters
Co-Manager	Chris Elliott
Launch Date	20th November 2017
Fixed Price Offer Period	2 weeks prior to the launch date (starts 6/11/17)
Launch Price	£1.00 / €1.00 / \$1.00
IA Sector	Global Equity Income
Investment Universe	Global Equities
No. of Holdings	25-40
Ex-Dividend Dates	1st of March, June, September, December
Dividend Pay Dates	End of April, July, October, January
ACD and Administrator	T. Bailey Fund Services Limited
Dealing Line	0115 988 8287

**Platforms** We expect the Evenlode Global Income Fund to be available to buy on the same platforms that the Evenlode Income Fund is on, including Cofunds, Transact, Ascentric, Elevate and Pershing Nexus. Timing will vary from provider to provider; please contact Spring Capital for more information.

## SHARE CLASSES

Currency		Income Units		Accumulation Units		Periodic Charge (Fixed OCF)	Minimum Investment
		SEDOL	ISIN	SEDOL	ISIN		
GBP	B Shares	BF1QNC4	GB00BF1QNC48	BF1QMV6	GB00BF1QMV61	0.90%	£1,000
GBP	C Shares	BF1QNK2	GB00BF1QNK22	BF1QNG8	GB00BF1QNG85	0.80%	£10,000,000
EUR	B Shares	BF1QND5	GB00BF1QND54	BF1QN91	GB00BF1QN913	0.90%	€ 1,000
EUR	C Shares	BF1QNL3	GB00BF1QNL39	BF1QNH9	GB00BF1QNH92	0.80%	€ 10,000,000
USD	B Shares	BF1QNF7	GB00BF1QNF78	BF1QNB3	GB00BF1QNB31	0.90%	\$1,000
USD	C Shares	BF1QNM4	GB00BF1QNM46	BF1QNJ1	GB00BF1QNJ17	0.80%	\$10,000,000

## FURTHER INFORMATION



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### Disclaimer

TB Evenlode Global Income is a sub-fund of the TB Evenlode Investment Funds OEIC. Full details of TB Evenlode Global Income, including risk warnings, are published in the TB Evenlode Investment Funds Prospectus, the TB Evenlode Investment Funds Supplementary Information Document (SID) and the TB Evenlode Income Key Investor Information Documents (KIIDs), which are available on request and at [www.evenlodeinvestment.com](http://www.evenlodeinvestment.com). TB Evenlode Global Income is subject to normal stock market fluctuations and other risks inherent in such investments. The value of your investment and the income derived from it can go down as well as up, and you may not get

back the money you invested, you should therefore regard your investment as medium-to-long-term. As a concentrated portfolio of typically less than 40 investments, TB Evenlode Global Income carries more risk than a fund spread over a large number of stocks. Investments in overseas equities may be affected by changes in exchange rates, which could cause the value of your investment to increase or diminish. Every effort is taken to ensure the accuracy of the data used in this document but no warranties are given. Evenlode Investment Management Limited is authorised and regulated by the Financial Conduct Authority, No. 767844. T. Bailey Fund Services Limited is authorised and regulated by the Financial Conduct Authority, No. 190293