

Aptus Global Financials Fund

July 2021

FOR PROFESSIONAL INVESTORS ONLY - Retail investors should consult their financial adviser

Information in this factsheet is as at 1 August 2021 (except where indicated).

Before making an investment you should ensure that you have read and understood the relevant Key Investor Information document, these can be found at: www.tbaileys.co.uk/funds/aptus-investment-fund

Fund Aim / Investment Process

The Aptus Global Financials Fund aims to produce capital appreciation with an attractive, growing income stream. The Fund follows a strategy of gaining exposure to equity and other securities of financial services globally. Key areas of investment include banks, investment banks, insurance and asset management companies. The Fund is managed by Johnny de la Hey and an experienced team of sector specialists with combined experience spanning over 80 years.

The Manager's investment process stems from a bottom-up, valuation based, fundamental approach. Companies' profitability, balance sheets and prospects are analysed, then modelled and compared with consensus expectations. Additional emphasis is placed upon meetings with management and industry bodies.

Performance since launch (1 November 2012)



Total Return, Bid to Bid, Tax UK Net Sterling Terms (B Acc Class).

Source: T. Bailey/Financial Express. Past performance is not a reliable indicator of future results. 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.

1/11/12 – 31/3/13 currencies in the Fund were hedged and the relevant benchmark was MSCI ACWI Financials in Local Currency. As such the chart left understates the Fund's relative performance by around 5%.

Cumulative Performance (% as at 2 August 2021)

	1 Month	YTD	3 Months	6 Months	1 Year	3 Years	5 Years
Aptus Global Financials B Acc GBP	0.6	21.4	2.9	25.6	57.6	3.6	62.5
MSCI ACWI/Financials TR in GBP	-1.3	15.6	0.5	18.2	36.1	13.8	60.0
IA Global Equity Income TR in GBP	0.5	10.6	2.6	11.0	22.9	24.2	50.8

Fund Manager Commentary

The Fund had a solid July gaining 59bp compared with a 130bp fall in the MSCI World Financials Index. YTD the Fund is up 21.4%. Winners in the month were broad-based and more than offset losses on our two HK listed property management stocks, which we believe were unfairly caught up in the Chinese government's intervention into certain parts of the market. We have added to both positions.

The most important news in the month was that the ECB will definitely remove its capital return restrictions for banks at the end of September. This follows similar announcements from the BOE and the Fed, and paves the way for large returns of capital starting in 4Q 2021. From now on, the ECB will return to approving banks' pay-outs on a case by case basis without any arbitrary caps or guardrails. We don't see this as an obstacle to European banks being able to pay out at least 50% of their earnings going forward and, in some cases, much more. If the sector were to re-rate to a historically high 6% all-in return (last 30 years it has been 3.9%), it would offer another 27% upside and only put it back in-line with previous recoveries based

on earnings multiples, even though earnings momentum is much stronger than in the past. Moreover, the ECB is now explicit in allowing some banks to return capital previously earmarked for distribution, but not paid out because of the ban. This outsized capital return has been part of our thesis but was not a consensus call, with several banks sitting on slightly hard to believe nine month all-in yields of 15-20%.

However, we think this is just the beginning for some European banks being able to pay out outsized amounts of capital. Several banks that have already reported 2Q numbers have made it clear that they believe the ECB is comfortable for them to have ongoing pay-out ratios above 100%. For example, Nordea has already asked the ECB for permission to buy-back stock in 4Q 2021, on top of already outsized dividends. Meanwhile, Bawag said it would announce further capital return plans at its September investor day in addition to the 13% yield reported with the 2Q results. This means these two banks should return >30% of their market caps in the next 20 months or so, and we own several others where returns of >25% of market caps look

probable over the same timeframe.

Notwithstanding the absolute value in such large returns, we believe they are extremely important for the sector in bringing back "income" to investors forced to sell when the blanket bans were put in place. In addition, we see clear positives from further earnings upgrades following revenue and credit-related "beats" during 2Q, the recent very resilient bank stress test results, and the likely start of a wave of European bank M&A, with UCG's recent approach to BMPS.

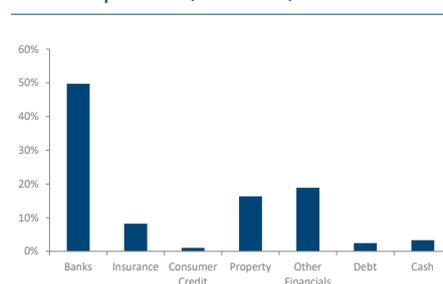
As a result, we view this as an excellent backdrop for investors to reengage in a sector that is increasingly, demonstrably and wrongly maligned and misunderstood. With c.50% of the Fund in banks, we have positioned it to take advantage. For those seeking income, it should be clear from the above that we expect a bumper yield for the Fund in the second half and then a likely ongoing yield in excess of 5%. Moreover, we are increasingly confident on widening our performance gap with the index.

Top Ten Active Exposures (% of NAV)*

IWG	4.5
BFF Bank	4.2
Societe Generale	3.9
OSB Group	3.7
A-Living	3.6
Natwest Group	3.6
Bawag Group	3.2
Vistry	3.0
Sculptor Capital Management	2.7
Apartment Income REIT	2.7

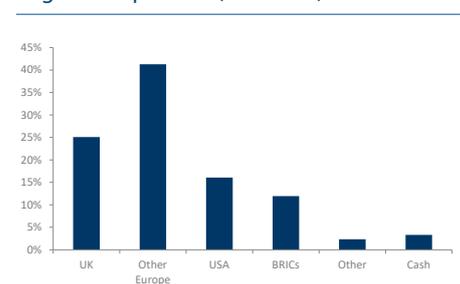
Source: Toscafund
*Some of this exposure is obtained through derivatives

Sector Exposures (% of NAV)*



Source: Toscafund

Regional Exposures (% of NAV)*



Source: Toscafund

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Fund Data

Fund Launch Date:	1 November 2012
Launch price:	200.00p
Price: B Inc Class GBP B Acc Class GBP	314.18p 465.03p
SEDOL numbers: B Inc GBP B Acc GBP	B8DYMW0 B796C34
Pricing Frequency:	8am, daily
Annual Management Charges (AMC): B Class Shares	1.20%
Ongoing Charges Figure (OCF): B Class Shares	1.72%
Minimum Initial Investment:	£1,000
Minimum Subsequent Investment:	£50
Dividend Yield:	2.8%
Fund Size:	£76.0m
Accounting End Dates:	31 December / 30 June
Authorised Corporate Director (ACD):	T. Bailey Fund Services Limited (FCA No: 190293)
IA Sector:	Global Equity Income

Toscafund Asset Management LLP

Toscafund is an established multi asset manager based in London. The firm was founded in 2000 by Martin Hughes and is part of Old Oak Group, a large, well capitalised, financial services business. Toscafund's investment team, many of whom have been top rated in their analytical careers, has long standing and in-depth industry experience. Currently, the firm employs 54 people, of which 27 are partners.

Toscafund has invested in a robust infrastructure with effective monitoring, evaluation and risk management. Oversight and governance is provided by the holding company's independent board which includes Sir George Mathewson (ex-Chairman of RBS), John McFarlane (ex-Chairman of Barclays) and Martin Gilbert (ex-Chairman of Aberdeen Standard Investments).

Johnny de la Hey – Portfolio Manager

Johnny is the Portfolio Manager for the Aptus Global Financials Fund. Johnny has been a Portfolio Manager since 2008 and has nearly 30 years experience as a financials analyst. Johnny joined Toscafund in 2000, and contributed to the portfolio management of several of Toscafund's products, being responsible for many of the firm's financial sector related investments. From 1997 to 2000, Johnny was a financials specialist at Tiger Management. Before joining Tiger, he worked at Credit Lyonnais (1996-97) and Societe Generale Securities (1992-96). He graduated with a first class honours degree in Geography from University College, University of London, England in 1992.

Investment Team

Jonathan Sheehan, Insurance Analyst with over 35 years industry experience and has been with the firm since 2002.

Joe Chai, Property Analyst with over 20 years experience of analysing investment opportunities within the property sector.

Katie Black, Financial Services Analyst with experience of small/mid cap equity research as well as financial/business services.

Rob Sheward, Banks Analyst; formerly worked as a consultant for a FTSE 100 company.

Chris Burrows, Analyst with over 3 years experience in analysing companies.

How to Invest



By telephone:
0115 988 8277



Postal application form to:
Client Services
T. Bailey Fund Services Limited
64 St. James's Street
Nottingham NG1 6FJ

Please note: Institutional deals can also be placed by EMX or Calastone. Please contact T. Bailey for details.

Applications forms and other supporting documents available at:
www.tbaileys.co.uk/funds/aptus-investment-fund

Risk Warnings

This document is for general information purposes only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. It is not a personal recommendation and it should not be regarded as a solicitation or an offer to buy or sell any securities or instruments mentioned in it. This document represents the views of T. Bailey Fund Services Limited and Toscafund Asset Management LLP at the time of writing. It shouldn't be construed as investment advice. Full details of the Aptus Global Financials Fund (the 'Fund'), including risk warnings, are published in the Key Investor Information document, Supplementary Information document and Prospectus, all available from www.tbaileys.co.uk/funds/aptus-investments-fund.

The Fund 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. 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 Fund may invest in derivatives both for investment purposes and for efficient portfolio management.

The Fund is invested in global financial services companies. This sector has been volatile in recent years due to economic and market conditions, and this volatility may continue in the future. The Fund should therefore be viewed as a long-term investment only and appropriate for investors who can assess the risks and potential rewards and also can also bear any resulting losses. Investments in emerging market regions may involve a higher than average risk and may not afford the same level of investor protection as would apply in more developed jurisdictions.

Derivative contracts such as CFDs also expose the Fund to the risk that the counterparty (the CFD provider) may default in the event of bankruptcy or insolvency. Past

performance is not a reliable indicator of future results. Every effort is taken to ensure the accuracy of the data used in this document but no warranties are given. All sources Toscafund Asset Management LLP and T. Bailey Fund Services Limited unless otherwise stated. Issued by T. Bailey Fund Services Limited. T. Bailey Fund Services Limited is authorised and regulated by the Financial Conduct Authority (No. 190293). Please note that T. Bailey Fund Services Limited does not provide financial advice to private individuals. The fund may invest more than 35% of its scheme property in transferable securities and money market instruments issued or guaranteed by an EEA State (See Prospectus for more details).

If you have any doubt whether the Aptus Global Financials Fund is suitable for you and you wish to receive advice you should contact your Financial Adviser.

T. Bailey Fund Services Limited is registered in England and Wales No. 3720363. Registered address as above.