

Fund Facts as at 30/09/26

FUND OBJECTIVE

The investment objective of the Fund is to achieve long-term growth, which should be seen as five years plus, through both capital appreciation and income generation.

Please refer to the Fund Prospectus and Key Investor Information Document for full details of the Fund's investment objectives, risks and pre-investment disclosures.

LAUNCH DATE

B Acc Share Class launched: 28 March 2011

STRUCTURE

ICVC

FUND SIZE

£20.3m

PERFORMANCE COMPARATOR

IA UK All Companies

XD DATES

01-Oct, 01-Apr

DIVIDEND PAY DATES

30-Nov, 31-May

MARKET CAPITALISATION	(%)
>£5BN	22.3%
£500M - £5BN	41.7%
<£500M inc. Cash	36.0%

CHARGES (%)	INITIAL	OCF
B CLASS (GBP)	NIL	0.91%

MINIMUM INVESTMENT	
B CLASS (GBP)	£100

ISIN NUMBERS (GBP)	
GB00B5839S67 (B ACC)	

TOP 10 HOLDINGS	%
LEGAL & GENERAL GROUP	5.5
ZEGONA COMMUNICATIONS	4.9
BREEDON GROUP	4.9
IMPERIAL BRANDS	4.5
DIAGEO	4.3
VICTREX	4.1
XAAR	4.1
GLENCORE	4.1
GSK	3.9
WHITBREAD	3.6

Source: Oberon Investments.

TOTAL HOLDINGS	38	CASH	2.9%
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SECTORS	%
CONSUMER DISCRETIONARY	19.9
FINANCIALS	15.8
MATERIALS	13.1
TECHNOLOGY	11.0
HEALTH CARE	8.9
CONSUMER STAPLES	8.8
COMMUNICATION SERVICES	8.1
ENERGY	6.4
INDUSTRIALS	2.5
FUNDS	2.5

Percentage Growth, from launch of B Class (28 March 2011) to 30 September 2026



28/03/2011 - 30/09/2026 Data from FE fundinfo 2026

Source: as at 30 September 2026. © 2026 FE. All Rights Reserved. Total return, Bid-bid in GBP, net income reinvested.

Note: These figures refer to the past and past performance is not a reliable indicator of future results.

Investment involves risk. The value of investments and the income from them can go down as well as up and you may not get back the amount originally invested.

PERFORMANCE (%)	1M	3M	6M	YTD	1Y	2Y	3Y	SINCE LAUNCH
TM OBERON UK CORE FUND B ACC	-0.3	0.7	11.6	12.2	14.9	26.5	44.7	220.0
IA UK ALL COMPANIES SECTOR	-1.8	3.2	10.6	8.5	12.8	23.6	41.1	183.4

Source: as at 30 September 2026. © 2026 FE Fundinfo. All Rights Reserved. Total return, Bid-bid in GBP, net income reinvested. Performance data may change due to final dividend information being received after quarter end.

Note: These figures refer to the past and past performance is not a reliable indicator of future results.



FUND COMMENTARY

Quarter overview

The third quarter of 2026 opened with a renewed setback, as the ceasefire between the United States and Iran collapsed in the first week of July following attacks on commercial shipping in the Strait of Hormuz. After a pause in hostilities through August, attacks on shipping escalated again in September, pushing the price of Brent crude above \$100 per barrel. Higher energy costs fed back into UK inflation, which rose to 3.1% in August. The Bank of England held interest rates at 3.75% in both July and September, but three members of its Monetary Policy Committee voted for an increase on each occasion. This prompted markets to price in rate rises and mortgage lenders to raise their fixed rates.

Despite this backdrop, UK equities made further progress over the quarter, led once again by mid and small caps. The FTSE 250 returned c.7.4% and the FTSE Small Cap c.4.7%, while AIM returned c.2.5% and the FTSE 100 c.1.8%. Late in the quarter, the Government announced a successor to the Help to Buy scheme, to be confirmed in the Budget on 28 October, offering potential support for the housebuilding sector and the wider domestic economy.

We continue to believe UK equities are significantly mispriced, trading at a substantial discount to their international peers despite the quality and international reach of many of the businesses listed here. That value is increasingly being recognised by others, with more than 100 UK companies taken over since 2020. Encouragingly, the recovery is also broadening across the market, with the mid and small-cap indices outperforming the FTSE 100 for two consecutive quarters after a long period of underperformance. With valuations across UK equities still well below those of other major markets, we believe there is significant scope for further gains.

The Fund invests across large, mid and small-cap companies, focusing on businesses we believe are undervalued relative to their prospects. Over the year to date, the Fund has returned c.12.2% against c.8.5% for the IA UK All Companies Sector, and since launch of the B Accumulation share class in March 2011 it has returned c.220.0% against c.183.4% for the sector. We remain confident that the portfolio is well positioned, with many of our holdings offering value we expect to be realised over time.

Fund performance

Over the quarter, the TM Oberon UK Core Fund (B Accumulation share class) returned c.0.7%, underperforming the IA UK All Companies Sector which returned c.3.2%.

Strong contributions from Victrex, Xaar and Harbour Energy were more than offset by weakness in a small number of holdings, notably Acceler8 Ventures, Ondine Biomedical and BATM Advanced Communications, where share prices fell despite good operational progress. Despite a disappointing quarter, the Fund remains ahead of its sector over six months, one, two and three years, as well as over the year to date and since launch.

Victrex was the largest contributor to performance during the quarter, up c.61% and contributing c.1.5%. The world leader in high-performance polymers, used in everything from aircraft and smartphones to medical devices, reported in July that third-quarter revenue had risen 18%, led by aerospace and electronics. In September, it raised its full-year profit guidance as that momentum continued and the first savings from its cost reduction programme came through. At its capital markets event later that month, the company set out a five-year plan to improve profitability, including returning at least 75% of its free cash flow to shareholders. We believe this self-help story still has a long way to run.

Xaar also contributed strongly, up c.22% and contributing c.0.7%. The inkjet printhead technology business reported interim results in August showing revenue up 9.2%, with growth in each of its three divisions, improving gross margins and a return to adjusted profit. The progress is being driven by new applications for its technology, particularly in 3D printing, where revenue grew by c.28%, and in September a major customer launched the first desktop 3D printer able to print in full colour, built around Xaar's printhead. We believe the market has yet to fully recognise the scale of these new opportunities.

Harbour Energy also contributed strongly, up c.25% and contributing c.0.7%. One of the largest independent oil and gas producers, with operations across Norway, the UK, the United States and Latin America, reported record first-half production of more than 500,000 barrels a day in August. It also raised its full-year guidance for both production and free cash flow, the latter to \$1.8bn. Alongside its dividend, the company announced a new \$250m share buyback and now expects to return at least \$800m to shareholders this year. Higher oil and gas prices, as attacks on shipping in the Middle East resumed, also supported the shares. We see further upside even if oil prices fall back, given the substantial cash the business generates relative to its market value.

Our holding in Intuitive Investments Group, which became Acceler8 Ventures in August, was the largest detractor during the quarter, down c.40% and detracting c.1.4%. The company's principal business, Hui10, provides digital payments and customer engagement technology to the retail network of China's state-run sports lottery. The share price weakened after the company moved to the Main Market of the London Stock Exchange in mid-August, despite good operational progress. Hui10 began a wider rollout of its new retail platform, and at the end of September secured approval to launch it in the stores of China Mobile, the world's largest mobile operator. A new institutional investor also joined the shareholder register in September. We remain confident in the long-term value of the business.

FUND COMMENTARY

Ondine Biomedical also detracted, down c.35% and detracting c.0.9%, despite reporting positive results from its pivotal late-stage trial in the United States. The study enrolled 5,188 patients across 18 hospitals. It showed that the company's light-activated nasal disinfection treatment, used alongside standard care, reduced surgical site infections by an estimated 40%, meeting its primary goal with no treatment-related serious safety concerns. The shares were weighed down by the prospect of a fundraise, which the company launched on the last day of the quarter to fund its path to a US marketing application in mid-2027. With the trial having met its primary goal, we see significant value as the company moves towards US approval.

BATM Advanced Communications also detracted, down c.25% and detracting c.0.8%. The company is reshaping itself into a focused business in secure networking and cybersecurity, including advanced encryption technology for government and commercial customers. Half-year results in August showed revenue in its networking division up 20%, and the company won its first order for a new encryption platform for defence use. In September, shareholders approved the sale of almost all its remaining non-core businesses, together with a block of BATM's own shares held by one of them, for a combined \$36.6m in cash, with completion expected once the remaining approvals are received. The shares are being sold at 18.15p, well above the current share price. Once the sale completes, the company will hold substantial cash relative to its stock market value, and we see significant upside as the more focused business grows.

Transactions

We initiated a position in Inchcape, the world's leading independent car distributor, which acts as the importer and distribution partner for manufacturers such as Toyota, BMW, Mercedes-Benz and a growing number of Chinese brands across around 40 markets. Half-year results in July showed revenue up 9% to £4.7bn, with the Americas and Europe growing strongly while weaker trading in Australia is being addressed through cost cuts and the exit of contracts that were holding back profitability. The company expects earnings per share to grow by more than 10% this year, and increased its share buyback programme to £250m, close to a tenth of its stock market value. We see an attractively valued, cash-generative business with good prospects as recovery in Australia comes through.

We exited DCC during the quarter, following a recommended cash offer from the infrastructure investors Energy Capital Partners and KKR at a premium of 24% to the share price before the approach became public, providing further external validation of the value on offer in UK equities. We also participated in a placing to initiate a small position in Oxford BioDynamics, which develops precision diagnostic tests based on its 3D genomics technology, alongside several of its directors, and closed our small position in Incanthera.

Outlook

The near-term outlook for UK equities will continue to be shaped by events in the Middle East and their impact on energy prices, inflation and interest rates. Closer to home, the Budget on 28 October will be an important moment for the domestic economy, and the confirmation of the new scheme to support first-time buyers could provide welcome support for the housing market.

It is worth stepping back, however, to consider the bigger picture. UK equities remain lowly valued against their international peers, a gap that has persisted despite the quality and international reach of many UK-listed businesses. Others are taking advantage, and during the quarter one of our holdings, DCC, agreed a recommended cash offer from private equity buyers at a 24% premium to its share price before the approach became public. Smaller companies, which endured more than four years of underperformance relative to large caps, offer some of the deepest value of all, and the early signs of recovery there are encouraging.

With holdings spread across large, mid and small caps, the Fund is positioned to benefit from a broad recovery in UK equities, but it does not depend on one. Many of our holdings have their own company-specific catalysts, from self-help programmes at Victrex to substantial cash returns at Harbour Energy and Inchcape and the completion of disposals at BATM. The quarter's weaker performance was concentrated in a small number of holdings where share prices fell despite good operational progress, and as these situations are resolved, we see significant potential for recovery in these positions.

Richard Penny has a long record of investing across the UK market through very different conditions. The L&G UK Alpha Trust, which he managed, returned 173% from 9 March 2009 to 30 June 2011, and the TM Oberon UK Special Situations Fund (then the TM CRUX UK Special Situations Fund) returned 151% from 19 March 2020 to 5 January 2022, against 119% and 113% for the IA UK Smaller Companies Sector. Both invested across large, mid and small caps in a similar way to this Fund. Today's opportunity is different in nature. Rather than a recovery from a market-wide crisis, it lies in the persistent discount at which UK equities trade against their international peers, and in the deeper value still on offer among smaller companies.

With the Fund ahead of its sector over the year to date and well ahead since launch, and a portfolio of attractively valued businesses with their own catalysts for growth, we remain confident that the Fund is well placed as the value in UK equities is increasingly recognised.



Richard Penny
Fund Manager

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Important Information

Please refer to the KIID and Fund Prospectus and other documentation related to the Scheme for further information and before making any final investment decisions.

Past Performance is not a guide to future performance and the value of investments can go down as well as up and you may not get back what you invested. Capital is at risk.

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Please note: Due to rounding the figures in the holdings, breakdown may not add up to 100%. Unless otherwise indicated all figures sourced from Financial Express, Datastream, State Street and Oberon Investments Ltd. Third party data is believed to be reliable, but its completeness and accuracy is not guaranteed.

TM Oberon UK Core Fund (the 'Fund') is a sub-fund of TM Oberon Funds ICVC (the 'Company'). The Company is an investment company with variable capital and is a UCITS Scheme. It is incorporated under the Open-Ended Investment Companies Regulations 2001 ('OEIC Regulations') in England and Wales under registry number IC000065. The Company is regulated by the FCA and was authorised on 13 March 2000. This information is directed at persons residing in the United Kingdom only.

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