



**EI STURDZA**  
INVESTMENT FUNDS

# Sturdza Family Fund Benchmarks

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December 2018

For professional investors only

# Sturdza Family Fund – Benchmarks

The Sturdza Family Fund launched on the 14th December 2018 with the aim of providing our investors with a solution within the multi asset space in light of increasing volatility, offering dynamic exposure to global markets.

The Fund seeks to deliver long term capital appreciation, based on active and flexible management of a mixed asset investment portfolio, predominantly comprised of equities and fixed income investments. As such, the Fund may adopt a more defensive or aggressive strategy in terms of overall allocation when the Investment Adviser considers it to be in the best interest of the Fund and our investors to do so.

## Fund Benchmark

In light of the Fund's long term investment objective, within a framework of dynamic asset allocation, the decision has been made to adopt a dual benchmark approach as summarised below:

### Reporting Benchmark

The reporting benchmark is utilised to track the Fund's performance and seeks to illustrate the applicable investment universe. The reporting benchmark is a composite of the MSCI World Net dividends Index (NDDUWI), the Bloomberg-Barclays US Aggregate Gov/Credit Total Return Value Unhedged USD (LUGCTRUU) and the SOFR (SOFFRATE), weighted 60%, 20% and 20% respectively and is deemed appropriate for short term comparisons, capturing the volatility of daily mark-to-market valuations.

### Performance Fee Benchmark

The performance fee benchmark, also called "performance fee Hurdle Rate", serves as the basis for the calculation of performance fees (charged to the professional and institutional share classes only).

Given the Fund's long-term investment objective of realising compounded returns above the long-term expected returns of the market on a balanced portfolio and the tendency of balanced portfolios to be overweight U.S. equities, the following structure has been adopted with regards to the hurdle rate for performance fee calculations:

#### Equity Allocation

50% \* (3m Tbill + 5.0%)

+

#### Fixed Income Allocation

50% \* (3m TBill)

Resulting in 3m Tbill Yield + 2.5%, together the Hurdle Rate

The equity premium has been set at 5% to reflect the long-term realised returns of equities above the risk free rate in the United States. It was an active decision to apply the US risk free rate, given it is currently significantly higher than those prevailing in most other developed markets. By applying a high water mark on performance fees, we believe this structure and calculation to be reflective of the Investment Adviser's long term investment philosophy and facilitates an alignment of interests with our clients.

As at the launch of the Fund, the supplement within the prospectus only references the Performance Fee Benchmark; however E.I. Sturdza Funds plc will be updating this in early 2019 to capture both indices.

Should you require any additional information in this regard, please do not hesitate to contact the Investment Manager utilising the below details.

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