



Strategic Europe Quality Fund

Strategic Global Quality Fund

February 2020 Fund Commentary



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PORTFOLIO MANAGER

The Europe Quality Fund outperformed its index by 1.25% in February, returning -7.22%*. The majority of alpha generated came from the health care sector, driven by strong stock selection. Stock selection for the industrials sector was also a significant contributor to alpha. The only noteworthy detractor to alpha over the month was the consumer staples sector, mostly due to one stock. February saw all sectors end the month in negative territory, with energy being the largest detractor for the benchmark (-14.5%); the utilities sector was the least impacted.

At a single stock level the best performing stock for the European Fund was Qiagen, which was bid for by Thermo Fisher Scientific at the beginning of March; the Fund has now exited the position. The bottom performing stock in February was AB InBev.

The Global Quality Fund outperformed its index by 0.25% in February, returning -8.20%***. The majority of alpha generated came from strong stock selection in the information technology sector and the Fund's cash allocation. The main detractor was the consumer staples sector, mostly due to one stock. Similar to the European index, all sectors ended the month in negative territory, with energy being the worst performing sector. Communication services and health care were the least impacted.

At a single stock level for the Global Fund, the best performing stock was Clorox and the bottom was AB InBev.

MARKET OUTLOOK

Recent developments regarding coronavirus and market reaction over the last few weeks have only confirmed the Investment Adviser's cautious macro view. The Team have taken the funds more defensive over the period and will monitor the situation closely as the impact becomes clearer. Globally, the economy was not in a healthy state and the Investment Adviser believes this outbreak and its impact on global growth will likely lead to a recession. Market volatility will continue and the Investment Team will adjust the portfolio as necessary.

INVESTMENT APPROACH

A valuation driven investment approach aiming to buy high-quality businesses at discounted prices. Quality being defined as companies which are market leaders, benefit from long-term structural growth, have high margins and low capital intensity. The Fund has a structural bias towards consumer, healthcare, IT and generally avoids high cost of capital sectors such as insurers, utilities and the oil and gas majors.

INVESTMENT OBJECTIVE

To achieve long term capital growth.

A sub-fund of E.I. Sturdza plc.
Registered in Ireland.

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* EUR Instl Class. For detailed performance information based on complete 12-month periods since inception, please refer to page 2. Past performance is not an indicator of future performance.

** USD Inst Class. For detailed performance information based on complete 12-month periods since inception, please refer to page 2. Past performance is not an indicator of future performance.



PERFORMANCE DATA As at end of February 2020

Strategic Europe Quality Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception ¹
EUR	-7.31	-7.65	6.05	15.46	19.82	23.69	141.70
EUR I	-7.22	-7.49	6.91	17.37	22.49	30.21	159.10
MSCI Europe NR EUR	-8.47	-7.76	3.00	4.30	9.54	8.75	78.58

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception ¹
EUR	-7.55	26.60	-6.63	13.09	-7.85	23.74	9.91
EUR I	-7.41	27.57	-5.86	13.73	-6.94	26.25	10.74
MSCI Europe NR EUR	-9.62	26.05	-10.57	10.24	2.58	8.22	6.41

Strategic Global Quality Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception
USD I	-8.20	-5.28	7.11	12.02	30.59	43.40	52.56
MSCI World NR USD	-8.45	-6.28	4.63	5.08	23.32	33.09	36.58

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception
USD I	-6.47	23.59	-6.24	29.74	-5.30	15.54	8.51
MSCI World NR USD	-9.01	27.67	-8.71	22.40	7.51	-0.87	6.22

Source: Morningstar. Past performance is not an indicator of future performance.

AWARDS



See Awards Disclaimer on last page.

¹ EUR Instl Share Class performance includes an extended track from Fund inception on 29 October 2010.



IMPORTANT INFORMATION

The views and statements contained herein are those of Lofoten Asset Management in their capacity as Investment Adviser to the funds as of 19/03/2020 and are based on internal research and modelling.

WARNING

The contents of this document have neither been reviewed nor endorsed by the Central Bank of Ireland or any other regulatory authority. If you are in any doubt about any of the content of this document you should obtain independent professional advice.

AWARDS DISCLAIMER

The Strategic Europe Quality Fund (EUR Class) received a 4-star Overall Morningstar Rating™ and a 4-star 5-Year Morningstar Rating™. The Strategic Global Quality Fund (USD I Class) received a 4-star Overall Morningstar Rating™ and a 4-star 5-Year Morningstar Rating™. Morningstar Ratings as of 29/02/20.

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