



Strategic Europe Quality Fund Strategic Global Quality Fund

March 2020 Fund Commentary



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PORTFOLIO MANAGER

The Europe Quality Fund outperformed its benchmark index in March by 5.89%*. The Funds relative overweight to the consumer staples and health care sectors generated significant alpha, whilst the relative underweight to the financials sector also generated noteworthy alpha. Stock selection was particularly strong for the industrials sector. Unsurprisingly, all sectors were in negative territory for the benchmark; financials, real estate and industrials suffered the most.

At a single stock level the best performing stock for the European Fund was Wolters Kluwer and the worst performing in terms of alpha were Livanova and Mowi.

The Global Quality Fund also outperformed its benchmark index in March, returning +4.86%** on a relative basis. The Funds significant relative overweight to the consumer staples sector was the largest contributor to alpha; whilst the relative underweight to the financials sector also delivered significant alpha. Similar to the European index, all sectors ended the month in negative territory, with energy, financials and real estate being the worst performing sectors.

At a single stock level for the Global Fund, the best performing stock was Wolters Kluwer and the worst were Livanova and Wabtec.

MARKET OUTLOOK

March saw one of the worst months for financial markets, the S&P 500 closed down 12.5% for the month, its biggest drop since October 2008, and its worst quarter ever. The rest of the world followed a similar pattern, with European and Asian equities seeing a sharp sell off. Fresh central bank policy easing pushed treasury yields to record lows. The COVID-19 outbreak will continue to create uncertainty and market volatility until "normal life" somewhat resumes and the economic impact can be better assessed. However, this sharp market correction does provide the Investment Adviser with an opportunity to find new ideas for the portfolios and to add to some of the Fund's positions on weakness.

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 March 2020

Strategic Europe Quality Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception ¹
EUR	-9.08	-15.94	-7.80	5.54	6.03	10.27	119.75
EUR I	-8.46	-15.24	-6.60	7.96	9.09	16.82	137.19
MSCI Europe NR EUR	-14.35	-22.59	-13.53	-8.82	-9.21	-8.38	52.95

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception ¹
EUR	-15.94	26.60	-6.63	13.09	-7.85	23.74	8.72
EUR I	-15.24	27.57	-5.86	13.73	-6.94	26.25	9.60
MSCI Europe NR EUR	-22.59	26.05	-10.57	10.24	2.58	8.22	4.61

Strategic Global Quality Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception
USD I	-8.37	-14.30	-6.34	2.18	16.30	37.27	39.79
MSCI World NR USD	-13.23	-21.05	-10.39	-6.79	5.87	17.31	18.51

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception
USD I	-14.30	23.59	-6.24	29.74	-5.30	15.54	6.58
MSCI World NR USD	-21.05	27.67	-8.71	22.40	7.51	-0.87	3.28

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 17/04/2020 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 5-star Overall Morningstar Rating™ and a 5-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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