



Strategic Europe Quality Fund

Strategic Global Quality Fund

May 2020 Fund Commentary



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PORTFOLIO MANAGER

The Europe Quality Fund returned 1.5%* in May. The consumer discretionary sector was the largest detractor, primarily due to Compass Group. The Fund's relative overweight to the consumer staples sector and cash allocation also detracted from alpha. This said, the Fund's relative underweight to the financials sector was a noteworthy contributor. The best performing sectors for the benchmark over the period were industrials, information technology, materials, utilities and consumer discretionary; while the worst performing sectors were energy, financials and consumer staples.

The Global Quality Fund returned 2.7%** in May. The main detractor was the Fund's relative overweight to the consumer staples sector. Stock selection for the consumer discretionary sector was also a detractor, again attributable to the Fund's exposure to the Compass Group. Consistent with the Europe Fund, the Fund's significant underweight to the financials sector was a positive contributor to alpha. The best performing sectors for the benchmark over the month were information technology, materials and industrials; while real estate, energy and consumer staples were the worst performing sectors.

There were no significant contributors to alpha over the period for either Fund, with the Compass Group being the only noteworthy detractor for the Funds.

MARKET OUTLOOK

The equity market rebound continued throughout May. Cyclical sectors in Europe are performing well, and the anticipation of an EU wide recovery plan has also benefitted the market. Central bank action and governments have helped to cushion the impact of COVID-19, but the true economic impact remains unclear. The Investment Adviser added some cyclical to the portfolios during April and May by adding one or two names that will benefit from a recovery. This said, the Team believe that it is better to remain cautious as there are many macro and political issues that could cause concern.

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 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 May 2020

Strategic Europe Quality Fund
CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception ¹
EUR	1.49	-2.52	-0.75	8.43	8.01	13.98	135.61
EUR I	1.39	-1.94	0.27	10.69	10.92	20.26	154.07
MSCI Europe NR EUR	2.95	-6.42	-4.24	-4.87	-3.93	-1.31	67.11

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception ¹
EUR	-9.88	26.60	-6.63	13.09	-7.85	23.74	9.35
EUR I	-9.21	27.57	-5.86	13.73	-6.94	26.25	10.21
MSCI Europe NR EUR	-15.43	26.05	-10.57	10.24	2.58	8.22	5.50

Strategic Global Quality Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception
USD I	2.74	1.07	2.68	12.95	18.06	43.95	54.19
MSCI World NR USD	4.83	0.89	6.80	6.49	18.80	32.83	37.80

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception
USD I	-5.47	23.59	-6.24	29.74	-5.30	15.54	8.32
MSCI World NR USD	-8.20	27.67	-8.71	22.40	7.51	-0.87	6.09

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

AWARDS



Low Carbon

Morningstar Low Carbon
Rating as at 31/03/2020



Morningstar Sustainability
Rating as at 30/04/2020



Low Carbon

Morningstar Low Carbon
Rating as at 31/03/2020



Morningstar Sustainability
Rating as at 30/04/2020

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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 18/06/2020 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 30/04/20.

The Strategic Europe Quality fund received a Morningstar Low Carbon Award. Carbon Metrics as of 31/03/2020. Based on 91.24% of AUM. Data is based on long positions only.

The Strategic Europe Quality fund received a Morningstar 3 Globe Morningstar Sustainability Award. Out of 2,679 Europe Equity Large Cap funds as of 30/04/2020. Based on 100% of AUM. Data is based on long positions only. Historical Sustainability Score as of 30/04/2020. Sustainability Rating as of 30/04/2020. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

The Strategic Global Quality fund received a Morningstar Low Carbon Award. Carbon Metrics as of 31/03/2020. Based on 88.17% of AUM. Data is based on long positions only.

The Strategic Global Quality fund received a Morningstar 4 Globe Morningstar Sustainability Award. Out of 6,635 Global Equity Large Cap funds as of 30/04/2020. Based on 100% of AUM. Data is based on long positions only. Historical Sustainability Score as of 30/04/2020. Sustainability Rating as of 30/04/2020. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

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