



# Strategic Europe Quality Fund Strategic Global Quality Fund

July 2020 Fund Commentary



**Willem Vinke**  
PORTFOLIO MANAGER

The Europe Quality Fund returned 0.07%\* in July, outperforming its index by 1.44%. The majority of alpha was generated by stock selection, particularly the information technology, health care and energy sectors. The Fund's relative overweighting to the consumer staples sector also generated significant alpha.

There were no noteworthy detractors to alpha over the month. Utilities, materials and information technology were the best performing sectors over the period; while the worst performing sectors were energy, communication services and financials.

The largest contributors to alpha during July were: SBM Offshore, an oil and gas servicing business; and chemicals and biotechnology firm Lonza; there were no noteworthy detractors to alpha over the period for the European Fund.

The Global Quality Fund returned 4.55%\*\* in July. Stock selection was the main detractor, mostly seen within the consumer staples and information technology sectors, although currency effect helped to offset this for consumer staples.

The best performing sectors for the benchmark over the month were materials, consumer discretionary and utilities; while energy, financials and real estate were the worst performing sectors.

For the Global Fund, personal care and cosmetics company Shiseido was the only notable detractor.

## MARKET OUTLOOK

Our Team remains cautious given the current economic and political risks, as well as the likelihood of increased volatility. As a result, we will maintain our defensive view, looking to invest mainly in high quality companies that will better endure any market volatility to come.

### 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.

### CONTACT

E.I. Sturdza Strategic  
Management Limited  
+44 1481 722 322  
info@ericsturdza.com  
ericsturdza.com

\* B 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.

\*\* B USD 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 July 2020

**Strategic Europe Quality Fund**

**CUMULATIVE PERFORMANCE %**

|                    | 1M    | 3M   | 1Y    | 2Y    | 3Y    | 5Y    | Fund Inception <sup>1</sup> |
|--------------------|-------|------|-------|-------|-------|-------|-----------------------------|
| A EUR Class        | -0.11 | 1.94 | -4.84 | 5.35  | 11.19 | 12.80 | 136.67                      |
| B EUR Class        | 0.07  | 1.83 | -3.99 | 7.42  | 14.06 | 18.55 | 155.17                      |
| MSCI Europe NR EUR | -1.37 | 4.65 | -7.06 | -5.56 | 0.52  | 1.15  | 69.87                       |

**CALENDAR YEAR PERFORMANCE %**

|                    | YTD 2020 | 2019  | 2018   | 2017  | 2016  | 2015  | Annualised Inception <sup>1</sup> |
|--------------------|----------|-------|--------|-------|-------|-------|-----------------------------------|
| A EUR Class        | -9.47    | 26.60 | -6.63  | 13.09 | -7.85 | 23.74 | 9.23                              |
| B EUR Class        | -8.82    | 27.57 | -5.86  | 13.73 | -6.94 | 26.25 | 10.08                             |
| MSCI Europe NR EUR | -14.03   | 26.05 | -10.57 | 10.24 | 2.58  | 8.22  | 5.58                              |

**Strategic Global Quality Fund**

**CUMULATIVE PERFORMANCE %**

|                   | 1M   | 3M    | 1Y   | 2Y    | 3Y    | 5Y    | Fund Inception |
|-------------------|------|-------|------|-------|-------|-------|----------------|
| B USD Class       | 4.55 | 7.74  | 1.92 | 12.46 | 23.91 | 45.06 | 61.70          |
| MSCI World NR USD | 4.78 | 12.75 | 7.23 | 11.12 | 24.31 | 43.69 | 48.22          |

**CALENDAR YEAR PERFORMANCE %**

|                   | YTD 2020 | 2019  | 2018  | 2017  | 2016  | 2015  | Annualised Inception |
|-------------------|----------|-------|-------|-------|-------|-------|----------------------|
| B USD Class       | -0.87    | 23.59 | -6.24 | 29.74 | -5.30 | 15.54 | 8.98                 |
| MSCI World NR USD | -1.26    | 27.67 | -8.71 | 22.40 | 7.51  | -0.87 | 7.30                 |

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

**AWARDS**



Morningstar Low Carbon  
Rating as at 30/06/2020



Morningstar Sustainability  
Rating as at 30/06/2020



Morningstar Low Carbon  
Rating as at 30/06/2020



Morningstar Sustainability  
Rating as at 30/06/2020

See Awards Disclaimer  
on last page.

<sup>1</sup> B EUR 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 14/08/2020 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 (A EUR Class) received a 3-star Overall Morningstar Rating™ and a 3-star 5-Year Morningstar Rating™. The Strategic Global Quality Fund (B USD Class) received a 3-star Overall Morningstar Rating™ and a 3-star 5-Year Morningstar Rating™. Morningstar Ratings as of 31/07/20.

The Strategic Europe Quality Fund received a Morningstar Low Carbon Award. Carbon Metrics as of 30/06/2020. Based on 88.12% of AUM. Data is based on long positions only.

The Strategic Europe Quality Fund received a Morningstar 3 Globe Morningstar Sustainability Award. Out of 2,705 Europe Equity Large Cap funds as of 30/06/2020. Based on 97.90% of AUM. Data is based on long positions only. Historical Sustainability Score as of 31/05/2020. Sustainability Rating as of 30/06/2020. 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 30/06/2020. Based on 93.44% of AUM. Data is based on long positions only.

The Strategic Global Quality Fund received a Morningstar 4 Globe Morningstar Sustainability Award. Out of 6,629 Global Equity Large Cap funds as of 30/06/2020. Based on 99.47% of AUM. Data is based on long positions only. Historical Sustainability Score as of 31/05/2020. Sustainability Rating as of 30/06/2020. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

© 2020 Morningstar: All Rights Reserved. The information contained herein where relative to Morningstar: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

## BLOOMBERG DISCLAIMER

Data presented herein is obtained via Bloomberg PORT where stated. Any such data is subject to change from the date of production of this document. Such changes may impact upon comparative data between the investment and benchmark presented. Such information therefore is provided for reference purposes only, is subject to change and should not be relied upon for an investment decision.

## GENERAL DISCLAIMER - APPLICABLE TO UK DOMICILED RECIPIENTS

This communication is issued in Guernsey by E.I. Sturdza Strategic Management Limited which is regulated by the Guernsey Financial Services Commission. Any investments or investment services mentioned in this communication are not intended for retail customers. Consequently, this communication is only made available to professional investors and eligible counterparties and should not be relied upon by any person that

does not possess professional experience in relation to investments. If you are in any doubt as to whether you possess suitable experience in relation to investments please consult your financial adviser. Past performance is no guarantee of future results. Under no circumstances should this document be forwarded to anyone in the United Kingdom who is not a professional client or eligible counterparty as defined by the Financial Conduct Authority. For the purpose of distribution in the United Kingdom this material has been issued by E.I. Sturdza Investments Limited, Claridge House, 32 Davies Street, London, W1K 4ND which is an appointed representative of Mirabella Advisers LLP which is authorised and regulated by the Financial Conduct Authority. Further this communication is not an offer or an invitation to purchase financial instruments but intended as information. The information contained in this communication does not represent a research report. E.I. Sturdza Strategic Management Limited has not considered the suitability of investment against your individual needs and risk tolerance. Shares in the Fund should only be purchased by persons with professional experience and investors should refer to the Fund Prospectus and/or KIID for detailed information about potential risks involved in investing in financial instruments as well as the latest half yearly report and unaudited accounts and/or annual report and audited accounts. The information contained herein is estimated, unaudited, may be subject to change and reflects the performance of the relevant fund offered by E.I. Sturdza Strategic Management Limited during the period indicated. Any opinions or estimates expressed herein are at the date of preparation and are subject to change without notice; however no such opinions or estimates constitute legal, investment, tax, or other advice. Individual performance of the Fund may vary and historical data is not an indication of future results. The value of the Fund and the income which may be generated from it can go down as well as up and therefore investors must be able to bear the risk of a substantial impairment or loss of their entire investment. This document is intended for information purposes only and is not intended as an offer or recommendation to buy, sell or otherwise apply for shares in the Fund. E.I. Sturdza Strategic Management Limited, 3rd Floor, Frances House, Sir William Place, St Peter Port, Guernsey GY1 1GX. Part of the Eric Sturdza Banking Group. Company Registration Number: 35985.

## MORGAN STANLEY CAPITAL INTERNATIONAL DISCLAIMER

Copyright Morgan Stanley Capital International, Inc. 2020. All Rights Reserved. Unpublished. PROPRIETARY TO MORGAN STANLEY CAPITAL INTERNATIONAL INC.

## DISCLAIMER - SWISS DOMICILED RECIPIENTS

E.I. Sturdza Funds Plc and its sub-funds are Irish funds authorized by the Irish Central Bank. They are approved for distribution in Switzerland by FINMA. The Swiss representative and paying agent is Banque Eric Sturdza SA, rue du Rhône 112, 1204 Geneva / Switzerland. Investors should refer to the fund prospectus and/or KIIDs for detailed information about potential risks associated with investments in financial instruments as well as the latest half yearly report and unaudited accounts and/or annual report and audited accounts. The prospectus, KIIDs, Articles of association, semi-annual and annual reports of E.I. Sturdza Funds Plc can be obtained, free of charge, at the seat of the Swiss representative, Banque Eric Sturdza SA. The information contained herein is estimated, unaudited, may be subject to change and reflect the performance of the relevant funds during the period indicated. Any opinions or estimates expressed herein are at the date of preparation and are subject to change without notice. No such opinions or estimates constitute legal, investment, tax or other advice. Individual performance of the funds may vary and historical data is not an indication of future results. The value of the funds and the income which may be generated from it can go down as well as up and therefore investors must be able to bear the risks of a substantial impairment or loss of their entire investments. Past performance is no guarantee of future results. Performance data do not take into consideration commissions and costs charged at the time of issuance and/or redemption of the shares. This document is intended for information purposes only and is not intended as an offer or recommendation to buy, sell, or otherwise apply for shares in the funds.