



Strategic Europe Quality Fund

Strategic Global Quality Fund

August 2020 Fund Commentary



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PORTFOLIO MANAGER

In August, the Europe Quality Fund returned 0.9%*. Stock picking for the consumer discretionary and energy sectors generated the most alpha during the month. The largest detractor was the Funds relative overweight to the consumer staples sector, but the health care sector was also a drag on return, due to a combination of an overweighting to the sector and stock selection.

The top performing sectors for the benchmark over the period were consumer discretionary, industrials, materials and information technology; while the bottom performing sectors were utilities, health care and consumer staples. The largest contributors to alpha in August were SBM Offshore, InterContinental Hotels Group and SIG Combibloc. There were no noteworthy detractors to alpha over the period for the European Fund.

The Global Quality Fund returned 4.9%** in August. The health care and materials sectors were noteworthy positive contributors. Sector allocation was the main detractor, mostly due to the Funds relative overweight to the consumer staples sector. Stock selection for the consumer staples and information technology sectors were also detractors in August.

The top performing sectors for the benchmark over the month were consumer discretionary, information technology and industrials; while utilities, energy and health care were the bottom performing sectors. For the Global Fund, SIG Combibloc was the main contributor to alpha and Nomura Research Institute was the largest detractor.

MARKET OUTLOOK

We remain cautious as many economic and political risks persist, and more volatility is likely towards the end of the year. With this in mind, we will maintain a defensive view, preferring to invest in high quality companies for the most part, that we believe will be better placed to endure any future market volatility.

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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* 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 August 2020

Strategic Europe Quality Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception ²
A EUR Class	0.93	1.39	-4.91	5.21	13.58	21.24	138.88
B EUR Class	0.85	1.28	-4.40	7.01	16.34	26.90	157.33
MSCI Europe NR EUR	2.94	4.65	-2.92	-0.55	4.29	13.70	74.87

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception ²
A EUR Class	-8.63	26.60	-6.63	13.09	-7.85	23.74	9.25
B EUR Class	-8.05	27.57	-5.86	13.73	-6.94	26.25	10.08
MSCI Europe NR EUR	-11.50	26.05	-10.57	10.24	2.58	8.22	5.84

Strategic Global Quality Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception
B USD Class	4.90	10.01	4.92	16.98	28.39	58.44	69.63
MSCI World NR USD	6.68	14.74	16.79	17.09	32.43	64.15	58.12

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception
B USD Class	3.99	23.59	-6.24	29.74	-5.30	15.54	9.76
MSCI World NR USD	5.34	27.67	-8.71	22.40	7.51	-0.87	8.41

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 31/07/2020



Morningstar Low Carbon
Rating as at 30/06/2020



Morningstar Sustainability
Rating as at 31/07/2020

See Awards Disclaimer
on last page.

¹ 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 16/09/2020 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 (B 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 31/08/2020.

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 2,704 Europe Equity Large Cap funds as of 31/07/2020. Based on 96.74% of AUM. Data is based on long positions only. Historical Sustainability Score as of 30/06/2020. Sustainability Rating as of 31/07/2020. 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 6,700 Global Equity Large Cap funds as of 31/07/2020. Based on 94.67% of AUM. Data is based on long positions only. Historical Sustainability Score as of 30/06/2020. Sustainability Rating as of 31/07/2020. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

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