



# Strategic Europe Quality Fund Strategic Global Quality Fund

November 2020 Fund Commentary



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Portfolio Manager

The **Strategic Europe Quality Fund** returned 8.10%\* in November in absolute terms, however, underperformed its benchmark. The largest detractor from alpha was allocation effect, mainly due to the Fund's relative underweight to Financials and overweight to the Consumer Staples sector. During the month we added to the portfolio's Financials exposure. The best performing sectors for the benchmark over the period were Energy and Financials; while the Consumer Staples and Health Care sectors were the worst performers, although still positive for the month.

For the European strategy, Mowi and Nestle were the largest contributors to alpha and SBM Offshore and Wolters Kluwer were the main detractors.

The **Strategic Global Quality Fund** returned 9.58%\*\* in November, underperforming on a relative basis. The largest detractor from alpha was again allocation effect, mainly due to the Fund's relative overweight to the Consumer Staples sector. Stock selection for the Industrials sector was also a noteworthy detractor. The best performing sectors for the benchmark over the month were Energy and Financials; while Utilities, Consumer Staples and Health Care were the worst performing sectors – again positive for the month.

The only noteworthy stock specific move for the Global Fund was Fujitec which detracted from return.

## Market Outlook

During the month we tilted the European portfolio towards more cyclical and value names in light of recent political developments and on the basis of a vaccine and further stimulus. However, the Fund does still have a defensive bias and there have been no significant changes to the global strategy.

## 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 Funds plc.

Registered in Ireland.

## Contact

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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 November 2020

**Strategic Europe Quality Fund**

**Cumulative Performance %**

	1M	3M	1Y	3Y	5Y	10Y	Fund Inception <sup>1</sup>
A EUR Class	8.05	-1.60	-10.19	7.01	8.40	137.16	135.05
B EUR Class	8.10	-1.45	-9.46	9.63	13.11	155.87	153.59
MSCI Europe NR EUR	13.95	6.71	-3.61	7.31	14.04	89.13	86.61

**Calendar Year Performance %**

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception <sup>1</sup>
A EUR Class	-10.09	26.60	-6.63	13.09	-7.85	23.74	8.84
B EUR Class	-9.38	27.57	-5.86	13.73	-6.94	26.25	9.66
MSCI Europe NR EUR	-5.56	26.05	-10.57	10.24	2.58	8.22	6.38

**Strategic Global Quality Fund**

**Cumulative Performance %**

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception
B USD Class	9.58	1.31	6.71	23.69	23.85	49.76	71.86
MSCI World NR USD	12.79	5.55	14.52	31.16	31.34	67.53	66.90

**Calendar Year Performance %**

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception
B USD Class	5.36	23.59	-6.24	29.74	-5.30	15.54	9.58
MSCI World NR USD	11.19	27.67	-8.71	22.40	7.51	-0.87	9.03

Source: Morningstar.

**Past performance is not an indicator of future performance.**

**Ratings & Awards**



Morningstar Low Carbon Rating  
as at 30/09/2020



Morningstar Sustainability Rating  
as at 31/10/2020



Morningstar Low Carbon Rating  
as at 30/09/2020



Morningstar Sustainability Rating  
as at 31/10/2020

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 15/12/2020 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 4-star 10-Year Morningstar Rating™. Morningstar Ratings as of 30/11/2020.

The Strategic Europe Quality Fund received a Morningstar Low Carbon Award. Carbon Metrics as of 30/09/2020. Based on 88.32% of AUM. Data is based on long positions only.

The Strategic Europe Quality Fund received a Morningstar 3 Globe Morningstar Sustainability Award. Out of 2,630 Europe Equity Large Cap funds as of 31/10/2020. Based on 96.82% of AUM. Data is based on long positions only. Historical Sustainability Score as of 30/09/2020. Sustainability Rating as of 31/10/2020. 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 30/09/2020. Based on 86.10% of AUM. Data is based on long positions only.

The Strategic Global Quality Fund received a Morningstar 4 Globe Morningstar Sustainability Award. Out of 6,747 Global Equity Large Cap funds as of 31/10/2020. Based on 97.11% of AUM. Data is based on long positions only. Historical Sustainability Score as of 30/09/2020. Sustainability Rating as of 31/10/2020. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

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