ERIC STURDZA INVESTMENTS

Sturdza Family Fund

November 2020 Fund Commentary

Market Development

Despite the continued outbreak of COVID cases in many regions (particularly the US) and largely uninspiring macro data releases, positive vaccine developments were substantial enough to boost overall sentiment and push markets higher. Indeed, the Pfizer / BioNTech vaccine strongly supports the medium-term outlook, but this does not alter the short-term situation. In turn, this somewhat explains how the markets have recently been reacting. An improving medium-term scenario coupled with short-term turmoil, stresses the need for urgent government support. The more this situation deteriorates, the likelier a support package is. In other words, bad news is good news. Additionally, these developments have accentuated the factor rotation mentioned in the previous report.

During November, the MSCI World Index (USD) saw an approx. 12.8% increase. The Eurostoxx 50 (USD Net Return) appreciated by approx. 21.3% whilst the S&P 500 also climbed by approx. 10.8%. The dollar index (DXY Index) depreciated by approx. 2.3% over the period whilst the generic 30Yr Treasury yield went from approximately 1.66% to 1.57% and the VIX Index went from approximately 38.0 to 20.6, attesting to the more "risk-on" mindset established after the Pfizer / BioNTech news.

Market Outlook

As stated in the previous report, we believe that active long-term investors may be especially challenged going forward, as markets rotate to favour different factors and / or plays. The dispersion between factors (i.e. growth *vs.* value) represents a significant risk as a portion of the premium "growth plays" have enjoyed fades in favour of more cyclical, deep value "plays". Indeed, the vaccine announcement brought forward the hope for an economic recovery. Investors responded to this by buying stocks highly sensitive to a recovery in activity while selling long duration names which had benefitted from the compression of interest rates caused by governments monetary policy responses to the pandemic. As a result, the possibility for a sustained equity rally, even though different from the one experienced recently, is higher than it was in our opinion.

On balance, and given the objectives and philosophy of the Sturdza Family Fund, we have decided to opt for a slightly more aggressive positioning heading into the last innings of 2020 and remain on the lookout for strong, specific opportunities that meet the Fund's selection criteria. The overall asset allocation could, as always, be subject to revision should any significant development change our risk perception.

Portfolio Development

In November, the Fund returned approx. +7.2% (SI class). In total return terms, the Equity book appreciated by approx. 12.1% whilst the Fixed Income book also saw a slightly positive return for the period of approx. +0.31%.

In contributions terms, Ulta Beauty was the largest positive contributor (ca. +0.42%), followed by Worldline (ca. +0.41%) and Nidec (ca. +0.39%). On the other hand, the largest negative contributor was Alibaba (-0.21%), followed by Thermo Fischer, (ca. -0.02%). For the Fixed Income book, the shorter dated Treasuries were largely flat to positive over the period, whilst the longest dated instrument contributed negatively over the period (30 Year USTs = -0.02%).

Eric I. Sturdza

Portfolio Manager

Constantin Sturdza

Portfolio Manager

Investment Approach

An active and flexible investment process, managing a mixed asset investment portfolio predominantly comprised of equities and fixed income investments. Investing directly or indirectly, between 51-81% in global equities or equity related instruments and between 20-49% in fixed income instruments. Focusing on strong growth companies that the Investment Adviser deem to be underappreciated by the market, whilst fixed income investments will be selected based on global macro economic analysis and evaluation of central banks' policies.

Investment Objective

To achieve capital appreciation over the long term.

A sub-fund of E.I. Sturdza Funds plc.

Registered in Ireland.

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Given the Fund's strategy, the recent positive news flow, and the uncertainty markets are still poised to face, the overall asset allocation (without accounting for derivatives) was increased from close to 60% equity exposure to 66%. The Fixed Income book was also modified from approximately 32% exposure to 29% with the remainder in cash and equivalents. These alterations reflect our stronger appreciation for a potential continued equity market rally. Nonetheless, the main objectives stated in the previous report remain firmly in place.

Performance Data As at end of November 2020

Cumulative Performance %

	1M	3M	1Y	Fund Inception
B USD Class	6.66	2.77	12.26	27.60
SI USD Class	7.22	3.15	14.15	31.95
Benchmark Composite	7.80	3.55	11.61	26.89

Calendar Year Performance %

	YTD 2020	2019	Annualised Inception
B USD Class	11.15	18.02	13.20
SI USD Class	12.88	20.16	15.15
Benchmark Composite	9.65	18.67	12.88

Source: Morningstar.

Past performance is not an indicator of future performance.

Important Information

The views and statements contained herein are those of Banque Eric Sturdza SA in their capacity as Investment Advisers to the Funds as of 11/12/2020 and are based on internal research and modelling.

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