



# Strategic Europe Quality Fund Strategic Global Quality Fund

January 2021 Fund Commentary



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Portfolio Manager

The **Strategic Europe Quality Fund** returned -1.29%\* in January. The main detractor to alpha was the Funds relative overweight to the Consumer Staples sector. Stock selection for the Energy Sector was also a small drag on return. The Health Care sector was the best performing sector for the Fund, mainly due to strong stock selection.

The top performing sectors for the benchmark over the period were Energy and Information Technology; while Real Estate, Financials and Consumer Staples were the bottom performing sectors.

For the European strategy, National Express Group and Siemens Healthineers were the best performing stocks, and SBM Offshore and JDE Peets were the largest detractors.

The **Strategic Global Quality Fund** returned -5.04%\*\* in January. Both sector allocation and stock selection detracted from return. The Funds relative overweight to the Consumer Staples sector was one of the main detractors to alpha. Stock selection for the Information Technology sector was also a noteworthy detractor.

The top performing sectors for the benchmark over the month were the Energy and Health Care sectors; while the Consumer Staples and Industrials Sectors were the bottom performing sectors.

The main detractors to return for the Global Fund were Fidelity National Information Services and JDE Peets; there were no noteworthy contributors over the period.

## Market Outlook

We are encouraged by the global roll out of vaccine programmes and greater political stability. That said, with the emergence of the new variants of COVID and lockdown restrictions continuing, there is likely to be more volatility ahead. Parts of the market also look expensive; we are reviewing all of the positions to ensure that they remain consistent with our view of the world and provide fundamental upside.

## 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 January 2021

### Strategic Europe Quality Fund

#### Annualised Returns % <sup>1</sup>

	1M	3M	1Y	3Y	5Y	10Y	Annualised Inception
A EUR Class	-1.33	7.97	-9.93	2.63	2.98	8.60	8.68
B EUR Class	-1.29	8.13	-9.17	3.46	3.76	9.44	9.50
Benchmark	-0.75	15.77	-2.82	2.11	5.46	6.03	6.43

#### Calendar Year Returns % <sup>2</sup>

	YTD 2021	2020	2019	2018	2017	2016	Fund Inception
A EUR Class	-1.33	-8.95	26.60	-6.63	13.09	-7.85	134.87
B EUR Class	-1.29	-8.18	27.57	-5.86	13.73	-6.94	153.65
Benchmark	-0.75	-3.32	26.05	-10.57	10.24	2.58	89.60

B EUR Share Class performance includes an extended track from Fund inception on 29 October 2010.

Benchmark: MSCI Europe Net Total Return EUR Index.

### Strategic Global Quality Fund

#### Annualised Returns % <sup>1</sup>

	1M	3M	1Y	2Y	3Y	5Y	Annualised Inception
B USD Class	-5.04	7.19	1.16	10.75	5.28	8.33	8.90
Benchmark	-0.99	16.40	15.45	16.58	8.30	13.35	9.34

#### Calendar Year Returns % <sup>2</sup>

	YTD 2021	2020	2019	2018	2017	2016	Fund Inception
B USD Class	-5.04	8.53	23.59	-6.24	29.74	-5.30	68.11
Benchmark	-0.99	15.90	27.67	-8.71	22.40	7.51	72.25

Benchmark: MSCI World Net Total Return USD Index.

Source: Morningstar.

<sup>1</sup> Annualised Returns as of the date of the reporting over the defined period. Data less than 1 year is not annualised.

<sup>2</sup> Calendar Year Returns: Annual Performance for the stated calendar year.

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

## Ratings & Awards



**Morningstar Low Carbon Rating**  
as at 31/12/2020



**Morningstar Sustainability Rating**  
as at 31/12/2020



**Morningstar Low Carbon Rating**  
as at 31/12/2020



**Morningstar Sustainability Rating**  
as at 31/12/2020

See Awards Disclaimer on last page.



## 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 15/02/2021 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 31/01/2021.

The Strategic Europe Quality Fund received a Morningstar Low Carbon Award. Carbon Metrics as of 31/12/2020. Based on 91.12% of AUM. Data is based on long positions only.

The Strategic Europe Quality Fund received a Morningstar 3 Globe Morningstar Sustainability Award. Out of 2,649 Europe Equity Large Cap funds as of 31/12/2020. Based on 97.09% of AUM. Data is based on long positions only. Historical Sustainability Score as of 30/11/2020. Sustainability Rating as of 31/12/2020. 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 31/12/2020. Based on 87.13% of AUM. Data is based on long positions only.

The Strategic Global Quality Fund received a Morningstar 4 Globe Morningstar Sustainability Award. Out of 6,819 Global Equity Large Cap funds as of 31/12/2020. Based on 96.63% of AUM. Data is based on long positions only. Historical Sustainability Score as of 30/11/2020. Sustainability Rating as of 31/12/2020. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

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