



# Strategic Europe Quality Fund Strategic Global Quality Fund

February 2021 Fund Commentary



**Willem Vinke**  
Portfolio Manager

The **Strategic Europe Quality Fund** returned +1.60%\* in February. The main detractor to alpha was the Fund's relative overweight to the Consumer Staples sector, however, this was mostly offset by strong stock selection for the sector. The Fund's overweight to the Energy Sector and underweight to the Utilities Sector also delivered strong returns.

The top performing sectors for the benchmark over the period were Financials and Energy; while Utilities, Consumer Staples and Health Care were the bottom performing sectors.

For the European strategy, National Express Group and Carlsberg were the best performing stocks, and SIG Combibloc was the largest detractor.

The **Strategic Global Quality Fund** returned +0.59%\*\* in February. Stock selection was positive for the month, sector allocation was the detractor to alpha, driven primarily by the Fund's relative overweight to the Consumer Staples sector. The Fund's underweight to the Financials sector also detracted from return. On a positive note, stock selection for the Information Technology and Health Care sectors delivered positive returns.

The top performing sectors for the benchmark over the month, same as the European benchmark, were the Energy and Financials sectors; while Utilities, Health Care and Consumer Staples were the bottom performing sectors.

The best performing stock for the Global strategy was International Flavors & Fragrances, a new addition to the portfolio, and SIG Combibloc was the main detractor to return.

## Market Outlook

We are encouraged by the roll out of vaccine programmes globally and expect to see strong recoveries as economies open. We expect the value rotation trade to continue as expectations of inflation increase. We repositioned some of the European portfolio towards Financial and Energy companies in November last year which has worked well. The portfolios also hold many companies which should benefit from economies opening up.

## 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

**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 February 2021

**Strategic Europe Quality Fund**

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

	1M	3M	1Y	3Y	5Y	10Y	Annualised Inception
B EUR Class	1.60	1.62	-0.54	5.29	4.49	9.49	9.59
Benchmark	2.54	4.18	8.87	4.33	6.46	6.03	6.64

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

	YTD 2021	2020	2019	2018	2017	2016	Fund Inception
B EUR Class	0.29	-8.18	27.57	-5.86	13.73	-6.94	157.71
Benchmark	1.77	-3.32	26.05	-10.57	10.24	2.58	94.41

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	0.59	-1.61	10.84	8.95	7.48	8.98	8.89
Benchmark	2.56	5.85	29.34	16.32	10.77	14.11	9.66

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

	YTD 2021	2020	2019	2018	2017	2016	Fund Inception
B USD Class	-4.48	8.53	23.59	-6.24	29.74	-5.30	69.10
Benchmark	1.54	15.90	27.67	-8.71	22.40	7.51	76.66

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 31/01/2021



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



**Morningstar Sustainability Rating**  
as at 31/01/2021

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 12/03/2021 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 28/02/2021.

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 2,647 Europe Equity Large Cap funds as of 31/01/2021. Based on 96.79% of AUM. Data is based on long positions only. Historical Sustainability Score as of 31/12/2020. Sustainability Rating as of 31/01/2021. 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 6,838 Global Equity Large Cap funds as of 31/01/2021. Based on 96.76% of AUM. Data is based on long positions only. Historical Sustainability Score as of 31/12/2020. Sustainability Rating as of 31/01/2021. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

© 2021 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. 2021. 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.