



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 % ¹

	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 % ²

	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 % ¹

	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 % ²

	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.

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

² 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.

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