



# Strategic Europe Quality Fund Strategic Global Quality Fund

July 2021 Fund Commentary



**Willem Vinke**  
Portfolio Manager

The **Strategic Europe Quality Fund** returned 1.28%\* in July. Stock selection was the main contributor to return, being particularly strong for the Communication Services and Industrials sectors. Stock selection in the Financials sector also contributed. Sector allocation and stock selection in the Consumer Staples sector were the biggest drag on performance. The best performing sectors for the benchmark over the period were Information Technology and Real Estate, while Energy was the bottom performing sector.

The best performing stocks for the European strategy were Nordic Entertainment Group, Wolters Kluwer and Qiagen. The largest detractors were Smith & Nephew and Reckitt Benckiser Group.

The **Strategic Global Quality Fund** returned 3.52%\*\* in July, outperforming the benchmark by 1.73%. Stock selection was the main contributor to return over the month, particularly the Industrials, Healthcare and Communication Services sectors. Sector allocation to Energy also contributed to outperformance due to the Funds relative underweight to the sector. The largest detractors to performance over the period were stock selection and allocation in the Consumer Staples sector, and the Funds relative underweight to the Information Technology sector. The best performing sectors for the benchmark over the month were Health Care, Real Estate and Information Technology, while Energy and Financials were the bottom performing sectors.

The best performing stocks for the Global strategy were Wolters Kluwer, Nordic Entertainment Group and Otis Worldwide, with Reckitt Benckiser Group, Nomura Research and JDE Peets the bottom performers.

## Market Outlook

Optimism for the global growth outlook has continued, but cooled down over the past couple of months. This was reflected by the persistent decline in bond yields and further outperformance of defensive stocks over cyclical.

We expect to see a robust economic recovery in the short term as economies continue to reopen. Longer-term, we are closely watching inflation risk and are mindful of comparatives becoming much tougher as we enter 2022. Valuations in certain parts of the market remain expensive.

## 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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\* A 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.

\*\* A 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 July 2021

**Strategic Europe Quality Fund**

**Annualised Returns %**

	1M	3M	1Y	3Y	5Y	10Y	Annualised Inception
A EUR Class	1.28	5.99	15.82	6.85	5.72	10.32	9.83
Benchmark	1.86	6.24	32.13	7.66	8.56	8.20	7.81

**Calendar Year Returns %**

	YTD 2021	2020	2019	2018	2017	2016	Fund Inception
A EUR Class	15.15	-8.95	26.60	-6.63	13.09	-7.85	174.11
Benchmark	17.50	-3.32	26.05	-10.57	10.24	2.58	124.45

**12 Month Returns %**

	01/08/2020 - 31/07/2021	01/08/2019 - 31/07/2020	01/08/2018 - 31/07/2019	01/08/2017 - 31/07/2018	01/08/2016 - 31/07/2017
A EUR Class	15.82	-4.84	10.71	5.55	2.54
Benchmark	32.13	-7.06	1.61	6.44	13.54

A 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 %**

	1M	3M	1Y	2Y	3Y	5Y	Annualised Inception
A USD Class	3.52	6.47	22.10	11.28	10.66	10.32	11.32
Benchmark	1.79	4.80	35.07	20.34	14.49	14.29	15.88

**Calendar Year Returns %**

	YTD 2021	2020	2019	2018	2017	Fund Inception
A USD Class	11.76	7.99	22.77	-6.84	29.01	79.49
Benchmark	15.07	15.90	27.67	-8.71	22.40	123.36

**12 Month Returns %**

	01/08/2020 - 31/07/2021	01/08/2019 - 31/07/2020	01/08/2018 - 31/07/2019	01/08/2017 - 31/07/2018	01/08/2016 - 31/07/2017
A USD Class	22.10	1.43	9.43	9.62	9.99
Benchmark	35.07	7.23	3.62	11.88	16.12

Benchmark: MSCI World Net Total Return USD Index.

Source of graphs and tables: Morningstar.

Past performance is no guarantee of future performance.

The performances presented are shown after deduction of ongoing charges and performance fees. Any entry or exit fees are excluded from this calculation. Dividends reinvested. Same reference period as for the class: Net Return, dividend reinvested. The reference benchmark of this class is used for performance comparison purposes only. The performance of the benchmark is not indicative of past or future performance of the Fund. Reference periods:

- Annualised Returns as of the date of the reporting over the defined period. Data less than 1 year is not annualised.
- Calendar Year Returns: Annual Performance for the stated calendar year.
- 12 Month Returns: performance for the stated time frame.

When the currency presented differs from yours, there is a currency risk. Class currency hedging is used on non base currency classes aiming to reduce the impact of currency risk. The performance and NAVs of all classes may be obtained at ericsturdza.com. Please refer to the glossary at ericsturdza.com/glossary for further explanation on specific terminologies.

**Ratings & Awards**



Morningstar Low Carbon Rating  
as at 30/06/2021



Morningstar Sustainability Rating  
as at 30/06/2021



Morningstar Low Carbon Rating  
as at 30/06/2021



Morningstar Sustainability Rating  
as at 30/06/2021

See Awards Disclaimer on last page.





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The Strategic Global Quality Fund received a Morningstar Low Carbon Award. Carbon Metrics as of 30/06/2021. Based on 97.66% of AUM. Data is based on long positions only. The Strategic Global Quality Fund received a Morningstar 4 Globe Morningstar Sustainability Award. Out of 7,066 Global Equity Large Cap funds as of 30/06/2021. Based on 97.28% of AUM. Data is based on long positions only. Historical Sustainability Score as of 31/05/2021. Sustainability Rating as of 30/06/2021. Sustainability provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score. The Strategic Global Quality Fund (A USD Class) received a 3-star Overall Morningstar Rating™ and a 3-star 5-Year Morningstar Rating™. Morningstar Ratings as of 31/07/2021.

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