

# STRATEGIC EUROPE VALUE FUND STRATEGIC GLOBAL QUALITY FUND



**EI STURDZA**  
INVESTMENT FUNDS

SUB-FUNDS OF E.I. STURDZA FUNDS PLC. REGISTERED IN IRELAND

DECEMBER 2018 – MONTHLY COMMENTARY BY PORTFOLIO MANAGER WILLEM VINKE

## FUND COMMENTARY

The Strategic Europe Value Fund\* returned -5.41% in December, finishing 2018 with a performance of -5.86%, outperforming its index by 4.71 percentage points. Stock selection was positive in December, with the best performing sector in terms of alpha being Industrials, mostly due to strong stock selection. The worst performing sectors in terms of alpha were Health Care, Utilities and Materials, with the Fund's underweight to both, the Utilities and Materials sector dragging on performance. December was a difficult month for markets, with all of the Fund's sectors closing in negative territory. The worst performing sectors for the benchmark were Financials, Real Estate and Health Care.

The Fund had no significant positive performers (> 50bps contribution to return) in December, with the most significant detractor being Fresenius Medical Care. The stock had its second profit warning during the month and the market is concerned that some of the issues presented in 2018 are structural. This said, the Investment Adviser believes that these issues will be addressed in 2019. The stock is currently trading on a multi-year low valuation and the Company is investing in medium-term growth, which should be share price accretive. Over the month, the Fund initiated a new position in Bayer, a stock the Fund has held in the past. The decision was a valuation call, as the share price was very attractive in the Investment Adviser's opinion and the stock is currently unloved by the market.

The Strategic Global Quality Fund returned -5.01% in December, outperforming its benchmark by 2.59 percentage points. The Fund closed 2018 with a loss of -6.24%, 2.47 percentage points ahead of its benchmark. Consumer Staples and Industrials contributed the most to alpha in December, both driven by strong stock selection. The Fund's underweight to the Utilities sector constituted a slight drag on relative performance. All sectors for the Global Fund declined in December; with Energy, Financials and Industrials being the worst performers for the benchmark.

The Fund had no significant outperformers over the month (> 50bps contribution to return). The largest detractor to return was Fresenius Medical Care for the reasons mentioned above.

2018 was a challenging year for equity markets, with increased volatility, rising central bank interest rates, a slowdown in the Eurozone, weaker Chinese growth and increased political worries. As we move into 2019, the Investment Adviser maintain their cautious view regarding the market. Even though there has been a partial sell off, the Investment Adviser believes there is more to come. The team still remain concerned about the pricing of risk assets given the overall tightening of global monetary policies and the amount of leverage in the current economic system.

In this environment the investment team retain their preference for defensive portfolio positioning. This said, the market has begun to move to their way of thinking, and so the team are finding selective opportunities outside of their traditionally preferred sectors.

\* EUR I Class. For detailed performance information based on complete 12-month periods since inception, please refer to page 2.

The views and statements contained herein are those of Lofoten Asset Management in their capacity as Investment Adviser to the funds as of 15/01/2019 and are based on internal research and modelling.

## PORTFOLIO MANAGER



**WILLEM VINKE**

Willem Vinke is the Portfolio Manager of both, the Strategic Europe Value Fund and Strategic Global Quality Fund managed by E.I. Sturdza Strategic Management Limited.

He has been involved in the management of equity funds since 1995 and has been in the financial industry since 1992. Vinke is the CEO and CIO of Lofoten Asset Management Limited. He holds an MSc in Economics from the London School of Economics and is a Chartered Financial Analyst.

## FUND OBJECTIVE

The investment objective of the funds is to achieve long term capital growth.

## CONTACT

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## PERFORMANCE DATA\* (as at the end of December 2018)

### STRATEGIC EUROPE VALUE FUND

#### CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception	Inst Class Inception
EUR	-5.46	-9.53	-6.63	5.59	-2.70	34.88	106.50	73.14
EUR I	-5.41	-9.30	-5.86	7.07	-0.36	42.61	119.36	83.92
MSCI Europe NR EUR	-5.53	-11.32	-10.57	-1.41	1.13	16.93	56.76	40.11

#### CALENDAR YEAR PERFORMANCE %

	YTD 2018	2017	2016	2015	2014	2013	Annualised Inception
EUR	-6.63	13.09	-7.85	23.74	12.02	28.36	9.28
EUR I	-5.86	13.73	-6.94	26.25	13.36	28.97	10.09
MSCI Europe NR EUR	-10.57	10.24	2.58	8.22	6.84	19.82	5.65

### STRATEGIC GLOBAL QUALITY FUND

#### CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	Fund Inception
USD I	-5.01	-10.07	-6.24	21.65	15.21	31.98
MSCI World NR USD	-7.60	-13.42	-8.71	11.74	20.13	17.57

#### CALENDAR YEAR PERFORMANCE %

	YTD 2018	2017	2016	2015	Annualised Inception
USD I	-6.24	29.74	-5.30	15.54	7.17
MSCI World NR USD	-8.71	22.40	7.51	-0.87	4.12

\*Please note, past performance is not indicative of future returns.

## AWARDS



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E.I. Sturdza Investment Funds won the best group award in the Equity - Europe Sector by Citywire for their rolling risk adjusted performance, across the sector, over the period 31/12/10 to 31/12/17. E.I. Sturdza are awarded the Best Fund Group in Switzerland in the Equity - Europe sector by Citywire, for their rolling risk adjusted performance, across the sector, over the period 31/01/2010 to 31/01/2017.



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