

# STURDZA FAMILY FUND



**EI STURDZA**  
INVESTMENT FUNDS

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

DECEMBER 2018 – MONTHLY COMMENTARY BY PORTFOLIO MANAGER ERIC STURDZA

## FUND COMMENTARY

The Sturdza Family Fund launched on 14th December 2018, a month which will be remembered for the brutal drawdowns during the last few days.

The combination of investor nervousness and low liquidity pushed the S&P 500 down from 2651 to 2351, an 11% dip, in only 7 trading days. These tremors were felt across markets and asset classes, with a plethora of stress indicators flashing red.

After the S&P uncharacteristically rebounded 5% on Boxing Day, global markets finally ended the calendar year, returning -5.42% (S&P 500), -3.30% (Stoxx600) and -7.43% (Topix) for the second half of the month.

The Fund, which has been fully invested since inception, ended the year down -2.73%, due to a small negative contribution from an overweighting to the US market, compensated by positive stock selection and market allocation and, above all, a positive absolute contribution from the 30% fund allocation to a mix of US Treasuries. In terms of individual contributions, the 10, 8 and 6 year treasuries led the portfolio, followed by Smith (A.O.) Corp, Dollar Tree and Kose Corp in terms of equities. At the other end of the spectrum, Centene led the way with a 13% drop due to political noise coming from Washington, followed by Constellation Brands (-11%) on softer beer trends and Allergan (-11%) given its higher beta and an underperforming healthcare sector.

The cocktail of political, monetary and macroeconomic uncertainty around the world continues to weigh on global markets and the current positioning of the Fund reflects this reality. The team will continue to adjust the portfolio in the coming months as volatility presents investment opportunities and the expectation that earnings announcements should reveal a clearer picture of the fundamental impacts of the trade and economic slowdowns.

The views and statements contained herein are those of the Eric Sturdza Group in their capacity as Investment Advisers to the Fund as of 16/01/19 and are based on internal research and modelling.

## PORTFOLIO MANAGERS



**Eric Sturdza's** distinguished career in asset management and private banking spans more than four decades. He obtained his Master's Degree in

Economics and Business Administration from the University of Lausanne and started in the AM division of Banque de l'Indochine, eventually holding senior leadership posts in various asset management firms including KIPECO (affiliated with Kidder Peabody) and Citibank.



**Constantin Sturdza** has been actively managing US equities for past 5 years. He previously trained at Clarkson's (London) as a broker in

Deep Sea Tankers and there-after worked in operations for Nereus Shipping. He holds a Bachelor's degree in Economics from Rollins College, where he co-founded the International Business Club.

## INVESTMENT STRATEGY

A value orientated investment approach aiming to buy high-quality businesses at discounted prices. The Fund currently avoids high cost of capital sectors such as insurers, utilities and the oil and gas majors. Consistent outperformance with downside protection investing in European equities.

## CONTACT

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