



E.I. Sturdza Strategic Europe Value Fund

E.I. Sturdza Strategic Global Quality Fund

February 2019 Fund Commentary



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PORTFOLIO MANAGER

The **E.I. Sturdza Strategic Europe Value Fund** returned 5.13%* in February, outperforming its index by 0.98%. The largest contributor to alpha was Information Technology due to stock selection. The Fund's overweight to the Health Care sector also helped. The largest drag on alpha was Consumer Staples, although this was not significant (-0.21%). The best performing sectors for the benchmark were Health Care, Industrials and Financials; while the worst performing sectors were Real Estate, Utilities and Communication Services.

The Fund's best performing stocks in February were AstraZeneca, SBM Offshore and Worldpay. Beiersdorf was the largest monthly detractor from performance, albeit not significant (-0.12%). The Company's share price fell upon reporting soft Q4 data and resetting their margin targets for 2019. The rationale for this is that it will enable Beiersdorf to invest in growth, digitalisation and productivity. This is not entirely a surprise as recent growth had been lacklustre and the Investment Adviser believes that a focus on gross margin improvements and M&A will lead to strong, sustainable earnings growth over time; especially because Beiersdorf are sub-scale in the US and China, two skincare markets of strategic importance.

Over the month, the Fund initiated a position in AB InBev, which is the largest brewer globally with strong brands and a geographically diversified footprint. Its growth prospects are well supported with robust top-line momentum, some room for margin expansion and the benefit from debt deleveraging. The Investment Adviser has also become more confident about the group's debt following the refinancing of bonds due in the coming years and a sharp dividend cut. Following share price weakness last year, the Investment Adviser believes that the current valuation depicts a favourable entry point.

The **E.I. Sturdza Strategic Global Quality Fund** returned 3.93% in February, outperforming its benchmark by 0.92%. The Information Technology sector was the largest contributor to alpha, driven by stock selection. Stock selection was also positive for the Health Care and Consumer Staples sectors. Materials and the Fund's relative overweight to the Consumer Staples sector were the only marginal detractors to performance. Information Technology, Industrials and Financials were the best performing sectors for the benchmark; while Real Estate, Communication Services and Consumer Discretionary were the worst.

The Fund's best performing stocks over the period were Worldpay and Visa. At the other side of the spectrum, International Flavors & Fragrances was the worst performing stock. The Fund also initiated a position in AB InBev over the month.

The Investment Adviser maintains their cautious view on markets even though there has been a partial rebound year-to-date, the team do not believe the worst is over. They are still concerned about the pricing of risk assets given the overall tightening of global monetary policy and the amount of leverage in the current economic system.

In this environment the Investment Adviser retains its preference for defensive portfolio positioning; however the market has begun to move to this way of thinking, and so the team are finding selective opportunities outside of their traditionally preferred sectors.

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 plc. Registered in Ireland.

CONTACT

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



PERFORMANCE DATA As at end of February 2019

E.I. Sturdza Strategic Europe Value Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception ¹
EUR	5.09	4.35	8.88	12.99	14.63	43.89	127.92
EUR Instl	5.13	4.51	9.78	14.58	17.11	52.08	142.36
MSCI Europe NR EUR	4.15	4.48	1.26	6.34	21.95	25.66	73.37

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception ¹
EUR	10.37	-6.63	13.09	-7.85	23.74	12.02	10.39
EUR Instl	10.48	-5.86	13.73	-6.94	26.25	13.36	11.21
MSCI Europe NR EUR	10.60	-10.57	10.24	2.58	8.22	6.84	6.83

E.I. Sturdza Strategic Global Quality Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	Fund Inception
USD Instl Acc	3.93	2.51	4.58	21.92	29.45	42.93
MSCI World NR USD	3.01	2.58	0.43	17.86	42.92	30.53

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	Annualised Inception
USD Instl Acc	7.92	-6.24	29.74	-5.30	15.54	8.86
MSCI World NR USD	11.02	-8.71	22.40	7.51	-0.87	6.60

Past performance is not an indicator of future performance.

AWARDS



See Awards Disclaimer on last page.

¹ EUR Instl Share Class performance includes an extended track from Fund inception on 30 October 2010.



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 14/03/2019 and are based on internal research and modelling.

WARNING

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AWARDS DISCLAIMER

E.I. Sturdza Strategic Europe Value Fund (EUR Instl Class) received a 4-star Overall Morningstar Rating™. E.I. Sturdza Strategic Global Quality Fund (USD Inst Acc Class) received a 3-star Overall Morningstar Rating™. Morningstar Rating as of 28/02/19.

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Source & Copyright: Citywire. E.I. Sturdza Investment Funds are Platinum and Bronze rated in the Equity - Europe Sector and Equity - Global Sector respectively by Citywire for their rolling risk adjusted performance, across the sector, over the period 31/12/11 to 31/12/18.

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