

STRATEGIC EUROPE VALUE FUND STRATEGIC GLOBAL QUALITY FUND

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



ERIC STURDZA
INVESTMENT FUNDS

JANUARY 2019 – MONTHLY COMMENTARY BY PORTFOLIO MANAGER WILLEM VINKE

FUND COMMENTARY

The Strategic Europe Value Fund returned 5.09%* in January, underperforming its index by -1.1%. The market partially rebounded in January following the sell-off at the end of 2018; largely driven by signs of a more flexible Fed and some progress on the political front. The Fund lagged the index slightly, however the Investment Adviser believes there is more volatility to come and that any relief rally will not last for too long.

During the month, the largest drag on alpha was Consumer Staples, mostly due to stock selection. The Fund's overweight to the Health Care sector also hurt. This said, stock selection was strong which helped to offset this. The Fund's zero weight to the Communication Services sector was the largest contributor to alpha. The best performing sectors for the benchmark were Real Estate, Consumer Discretionary and Materials; while the worst performing sectors were Communication Services, Health Care and Consumer Staples.

The Fund's best performing stock in January was Fresenius Medical Care, rebounding from a low in December. There were no significant negative performers over the month.

The Fund initiated a new position in Lonza, a global integrated solutions provider to the Pharmaceutical, Biotech and specialty ingredients markets. Lonza offers development and manufacturing of active pharmaceutical ingredients, ingredients for consumer health & nutrition and industrial applications. Its clients are increasingly focussing on best-in-class, global offerings, which is helping Lonza to take market share, as well as being the innovation leader in its fields. The Company has completed some good M&A recently, and sold part of their business which was more cyclical and lower margin. The Investment Adviser expects Lonza to deliver high single digit top-line growth with improving margins. The decline in its share price provided a nice entry point for the Fund.

The Strategic Global Quality Fund returned 3.83% in January, underperforming its benchmark. Consumer Staples was the largest drag on alpha, with both stock selection and the Fund's overweight contributing negatively. Stock selection for Information Technology stocks also contributed negatively. Health Care was the largest positive contributor to alpha – driven by strong stock selection. Real Estate, Energy and Industrials were the best performing sectors for the benchmark, while Consumer Staples, Utilities and Health Care were the worst.

The Fund's best performing stocks over the period were Takeda Pharmaceutical and Fresenius Medical Care, both rebounding from December lows, with Takeda's performance in part driven by technical reasons with regards to an index re-weighting. There were no significant detractors in January.

The Investment Adviser maintains their cautious view on markets even though there has been a partial rebound in January, they 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 their 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.

* 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 07/02/2019 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

E.I. Sturdza Strategic Management Limited

Telephone +44 1481 722 322

Email info@eisturdza.com

Website eisturdza.com

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PERFORMANCE DATA* (as at the end of January 2019)

STRATEGIC EUROPE VALUE FUND

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception ¹
EUR	5.03	-0.68	-0.19	11.08	6.95	43.58	116.88
EUR I	5.09	-0.47	0.64	12.65	9.30	51.76	130.53
MSCI Europe NR EUR	6.19	-0.55	-6.53	5.08	14.52	26.40	66.46

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception ¹
EUR	5.03	-6.63	13.09	-7.85	23.74	12.02	9.83
EUR I	5.09	-5.86	13.73	-6.94	26.25	13.36	10.64
MSCI Europe NR EUR	6.19	-10.57	10.24	2.58	8.22	6.84	6.37

STRATEGIC GLOBAL QUALITY FUND

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	Fund Inception
USD I	3.83	-0.18	-4.87	22.82	21.65	37.04
MSCI World NR USD	7.78	0.72	-6.54	17.59	37.71	26.72

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	Annualised Inception
USD I	3.83	-6.24	29.74	-5.30	15.54	8.01
MSCI World NR USD	7.78	-8.71	22.40	7.51	-0.87	5.96

*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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