



# E.I. Sturdza Strategic Europe Value Fund

# E.I. Sturdza Strategic Global Quality Fund

April 2019 Fund Commentary



**Willem Vinke**  
PORTFOLIO MANAGER

The **Strategic Europe Value Fund\*** returned 1.50% in April. The largest detractor to alpha was the Health Care sector, largely due to the Fund's overweight to that sector. Exposure to the Financial sector also dragged on alpha; mostly due to the Fund's relative underweight. Consumer Staples was the best performing sector for the Fund, driven by stock selection. The best performing sectors for the benchmark in April were Information Technology, Financials and Industrials; while the worst performing sectors were Health Care, Real Estate and Utilities.

During the month, the Fund sold its position in Novartis and bought Alcon after the Company was spun out from Novartis. The Fund also initiated a position in Essity, with the Company's focus on cost efficiencies having been masked by two years of intense input cost pressure. As the pricing environment improves and input cost pressures abate, the Investment Adviser anticipates strong margin expansion and earnings growth, which the team think is currently not fully reflected in the share price.

The **Strategic Global Quality Fund** returned 2.96% in April. The only noteworthy detractor to alpha was the Fund's zero weight to the Financial sector, with Health Care also constituting a small drag on alpha over the month. The Fund's relative overweight to the Consumer Staples sector hurt alpha, with strong stock picking however offsetting this. The best performing sectors for the benchmark in April were Financials, Information Technology and Communication Services; while the worst performing sectors were Health Care, Real Estate and Utilities.

The best performing stock for the Fund was Microsoft, whereas the worst performing stock was Takeda Pharmaceutical. There were no significant portfolio changes to report over the period.

2019 year-to-date has seen a sharp rebound in equity markets from the lows of December 2018. Markets responded favourably to the US Federal Reserve's shift in policy, while the ongoing discussions between China and the US have added volatility, with no resolution as yet. Eurozone equities recovered for the same reasons; however concerns over economic growth and inflation continue to linger as per the latest ECB forecasts.

The Investment Adviser maintains their preference for defensive portfolio positioning, with their primary concern being the contraction of global liquidity. They expect to see further market volatility in the second half of this year.

## 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 April 2019

**E.I. Sturdza Strategic Europe Value Fund**

**CUMULATIVE PERFORMANCE %**

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception <sup>1</sup>
EUR	1.59	11.64	12.90	14.67	21.29	55.03	142.13
EUR Instl	1.50	11.81	13.84	16.30	24.27	63.89	157.76
MSCI Europe NR EUR	3.77	10.28	4.61	7.15	25.02	31.66	83.56

**CALENDAR YEAR PERFORMANCE %**

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception <sup>1</sup>
EUR	17.25	-6.63	13.09	-7.85	23.74	12.02	10.96
EUR Instl	17.50	-5.86	13.73	-6.94	26.25	13.36	11.78
MSCI Europe NR EUR	17.10	-10.57	10.24	2.58	8.22	6.84	7.41

**E.I. Sturdza Strategic Global Quality Fund**

**CUMULATIVE PERFORMANCE %**

	1M	3M	1Y	2Y	3Y	Fund Inception
USD Instl Acc	2.96	12.14	13.17	24.11	35.63	53.68
MSCI World NR USD	3.55	8.06	6.48	20.55	38.22	36.94

**CALENDAR YEAR PERFORMANCE %**

	YTD 2019	2018	2017	2016	2015	Annualised Inception
USD Instl Acc	16.44	-6.24	29.74	-5.30	15.54	10.42
MSCI World NR USD	16.47	-8.71	22.40	7.51	-0.87	7.52

Past performance is not an indicator of future performance.

**AWARDS**



See Awards Disclaimer on last page.

<sup>1</sup> 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 15/05/2019 and are based on internal research and modelling.

## WARNING

The contents of this document have neither been reviewed nor endorsed by the Central Bank of Ireland or any other regulatory authority. If you are in any doubt about any of the content of this document you should obtain independent professional advice.

## AWARDS DISCLAIMER

E.I. Sturdza Strategic Europe Value Fund (EUR Instl Class) received a 5-star Overall Morningstar Rating™. E.I. Sturdza Strategic Global Quality Fund (USD Acc Class) received a 4-star Overall Morningstar Rating™. Morningstar Rating as of 30/04/19.

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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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