



E.I. Sturdza Strategic Europe Value Fund

E.I. Sturdza Strategic Global Quality Fund

May 2019 Fund Commentary



Willem Vinke
PORTFOLIO MANAGER

The **Strategic Europe Value Fund** returned -1.69%* in May, outperforming its index by 3.25%. The largest contributor to alpha was Consumer Staples, driven by stock selection and the Fund's relative overweight to the sector. Stock selection for both Industrials and Information Technology was also significant. The largest, albeit minor, detractor to alpha was the Fund's relative underweight to the Utilities sector.

May was a difficult month for markets, with all sectors in the benchmark delivering negative returns. The worst performing sectors were Materials, Financials and Consumer Discretionary.

At a single stock level, the best performing stocks for the Fund were Smith & Nephew, Nestle, Relx and Beiersdorf; while the worst performing stocks were Fresenius Medical Care, ABInbev, RBS and Takeda Pharmaceutical. During the month, the Fund sold its positions in Admiral Group and Bayer and initiated positions in Sophos and Vifor pharma.

The **Strategic Global Quality Fund** returned -2.28% in May, outperforming its benchmark by 3.49%. The largest contributor to alpha was the Consumer Staples sector, driven by stock selection and the Fund's significant relative overweight to the sector. Information Technology was also a significant contributor to the Fund's outperformance, driven by stock selection. The only noteworthy drag was Health Care, mostly due to stock selection.

All sectors for the benchmark were in negative territory apart from the Real Estate sector; with the worst performing sectors being Information Technology, Energy, and Materials.

The best performing stocks for the Fund were Nestle and Worldpay; while the worst were Fresenius Medical Care, Takeda Pharmaceutical, and ABInbev. The Fund exited its position in Sage during the month.

According to the Investment Adiver, markets remain concerned about the escalating trade dispute between the U.S. and China and recent global economic data, which is deteriorating, with few signs of improvement in the near term. The team continue to maintain a strong preference for a defensively positioned portfolio in the current market environment, their primary concern being the contraction of global liquidity. The team 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 May 2019

E.I. Sturdza Strategic Europe Value Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception ¹
EUR	-1.96	4.15	9.24	8.83	15.35	47.25	137.38
EUR Instl	-1.69	4.55	10.40	10.63	18.45	56.04	153.39
MSCI Europe NR EUR	-4.94	0.65	-0.66	0.32	16.20	22.08	74.50

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception ¹
EUR	14.95	-6.63	13.09	-7.85	23.74	12.02	10.59
EUR Instl	15.51	-5.86	13.73	-6.94	26.25	13.36	11.44
MSCI Europe NR EUR	11.32	-10.57	10.24	2.58	8.22	6.84	6.70

E.I. Sturdza Strategic Global Quality Fund

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	2Y	3Y	Fund Inception
USD Instl Acc	-2.28	5.43	10.01	14.98	31.14	50.17
MSCI World NR USD	-5.77	-1.15	-0.29	11.24	29.51	29.03

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	Annualised Inception
USD Instl Acc	13.78	-6.24	29.74	-5.30	15.54	9.64
MSCI World NR USD	9.75	-8.71	22.40	7.51	-0.87	5.94

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 13/06/2019 and are based on internal research and modelling.

WARNING

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AWARDS DISCLAIMER

E.I. Sturdza Strategic Europe Value Fund (EUR Inst Class) received a 5-star Overall Morningstar Rating™. E.I. Sturdza Strategic Global Quality Fund (USD Inst Acc Class) received a 5-star Overall Morningstar Rating™. Morningstar Rating as of 31/05/19.

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