



# Strategic Europe Quality Fund

## Strategic Global Quality Fund

July 2019 Fund Commentary



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PORTFOLIO MANAGER

The **Strategic Europe Quality Fund** returned\* 1.40% in July, outperforming its index by 1.10%. The largest contributor to alpha was the Consumer Staples sector, driven both by stock selection and the Fund's relative overweight to the sector. Stock selection within the Health Care sector dragged on alpha during the month.

The best performing sectors for the index over the month were Consumer Staples, Health Care, and Consumer Discretionary; while Materials, Energy, and Financials were the worst performing sectors.

At a single stock level, the best performing stocks were ABInbev, Worldpay, Danone and Nestlé, whilst the worst performing stocks were Sage and Fresenius Medical Care. During the month, the Fund sold its position in RBS and initiated a position in Pernod Ricard. Further, the Fund switched its position in Worldpay to Fidelity National due to its recent acquisition of Worldpay.

The **Strategic Global Quality Fund** gained 0.99%\*\* in July, outperforming its benchmark by 0.49%. Similar to the Strategic Europe Quality Fund, Consumer Staples was the largest contributor to alpha, mostly driven by stock selection. The Fund's relative overweight to the sector contributed positively to alpha, whilst currency dragged on the Fund's outperformance. The only noteworthy detractor to alpha was the Health Care sector, mostly due to stock selection.

The best performing sectors for the index over the month were Information Technology, Communication Services, and Consumer Staples. At the other side of the spectrum, Energy, Materials, and Health Care were the worst performing sectors.

In July, the best performing stocks for the Fund were ABInbev, Worldpay, Nomura Research Institute, and Procter & Gamble, whilst the worst performing stocks were Fresenius Medical Care and SAP. The Fund switched its position in Worldpay to Fidelity National due to its recent acquisition of Worldpay.

The Investment Adviser's macro view has remained consistent this year, with all the data and developments confirming the team's cautious view of the world. This said, the Investment Adviser has been surprised by the markets' strength year-to-date given that global macro data is indicating a slowdown. Recent volatility has not come as a surprise given the disconnect between underlying developments and share price movements. The Investment Adviser believes that there is more volatility to come and therefore will continue to maintain the Funds' defensive portfolio positioning.

### 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. Past performance is not an indicator of future performance.

\*\* USD Inst Class. For detailed performance information based on complete 12-month periods since inception, please refer to page 2. Past performance is not an indicator of future performance.



**PERFORMANCE DATA** As at end of July 2019

**Strategic Europe Quality Fund**

**CUMULATIVE PERFORMANCE %**

	1M	3M	1Y	2Y	3Y	5Y	Fund Inception <sup>1</sup>
EUR	1.27	2.72	10.71	16.85	19.82	58.50	148.72
EUR I	1.40	3.11	11.89	18.80	22.54	67.92	165.78
MSCI Europe NR EUR	0.30	-0.43	1.61	8.15	22.80	30.44	82.77

**CALENDAR YEAR PERFORMANCE %**

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception <sup>1</sup>
EUR	20.45	-6.63	13.09	-7.85	23.74	12.02	10.97
EUR I	21.16	-5.86	13.73	-6.94	26.25	13.36	11.82
MSCI Europe NR EUR	16.59	-10.57	10.24	2.58	8.22	6.84	7.13

**Strategic Global Quality Fund**

**CUMULATIVE PERFORMANCE %**

	1M	3M	1Y	2Y	3Y	Fund Inception
USD I	0.99	3.23	10.33	21.57	34.47	58.65
MSCI World NR USD	0.50	0.94	3.62	15.93	34.62	38.22

**CALENDAR YEAR PERFORMANCE %**

	YTD 2019	2018	2017	2016	2015	Annualised Inception
USD I	20.21	-6.24	29.74	-5.30	15.54	10.59
MSCI World NR USD	17.56	-8.71	22.40	7.51	-0.87	7.31

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 29 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 12/08/2019 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

The Strategic Europe Quality Fund (EUR) received a 4-star Overall Morningstar Rating™. The Strategic Europe Quality Fund (EUR Instl) received a 5-star 5-year Morningstar Rating™. Morningstar Ratings as of 30/06/19.

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