

Fund Investment Report



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Fund information

Investment objective

The Investment objective of the Fund will be to achieve long-term capital appreciation by investing in worldwide equity securities with favourable environmental, social and governance (“ESG”) characteristics.

Investment policy

The Fund will seek to achieve its Investment objective by investing in a portfolio of equity securities quoted or traded on Regulated Markets worldwide and the Fund will invest at least two-thirds of its assets in these securities. The Fund will invest primarily in equity securities that are component securities of the MSCI All Country World Index or equity securities of companies listed in the countries referenced in the MSCI All Country World Index. The MSCI All Country World Index is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed and emerging markets.

Approach to ESG integration and stewardship

ESG integration and stewardship are integral to delivering sustainable returns. Through quantitative data and fundamental bottom-up research, we assess the absolute and change in ESG performance of companies. Engagement allows us to understand the effectiveness of their approach, the management of strategic issues and to exert positive influence.

Fund information

Fund inception date	1 May 2014
Fund value	USD1,042.31m
Benchmark	MSCI AC World Net
Lead Manager	Geir Lode
Senior Portfolio Manager	Lewis Grant
Portfolio Manager	Louise Dudley
Analysts	Matthew Shoreson
	Andrew Hurley
	Sam Stephenson
Base currency	US Dollar

Market and Performance Review

The MSCI All Country World Index returned 3.20% in June as Global Equity markets continued their recovery, completing a clean sweep of positive monthly returns over Q2 2020. Returns have been dramatic; the S&P 500 had its best quarterly return since Q4 1998. Interestingly, we saw a divergence between the drivers of regional markets in June. In North America, the Alpha Model was ineffective across most factors; In Europe and Asia Pacific, there was a clear preference for Valuation, while Quality and Growth factors performed well in Japan.

Over the month, the Fund underperformed the benchmark index, although the strong performance of the US market on the final day of the month ensured that the midday pricing of the Fund had a significant impact on performance. Using close of business prices, the Fund outperformed. From a sector viewpoint, selection in Information Technology, Energy and Consumer Discretionary was successful, outweighing the detraction from Communication Services. From a regional perspective, contributions from selection in North America and Japan outweighed the detraction from Emerging Asia.

ASML, Lam Research and AIA Group were the largest individual contributors. ASML and Lam Research continued their strong momentum, outperforming the market alongside the semiconductor sector. AIA Group increased alongside the Hong Kong stock market at the start of the month as fears that there would be reprisals from the US, following China's imposition of the National Security Law, receded.

The largest detractors from stocks held were Abbott Laboratories, Walt Disney and TJX Companies. Tencent, which is not held in the Fund, also detracted significantly. Abbott Laboratories fell alongside the Health Care sector on little specific news. Walt Disney initially increased after its Shanghai resort reopened, but it fell as the number of coronavirus cases in the US increased. TJX fell alongside bricks and mortar department stores with sentiment likely affected by rising coronavirus cases.

Activity

Among the most notable trades in June were the opening of a new position in PayPal and the closure of the position in Ford Motor Company. PayPal is well-liked and has strong Growth and Profitability scores, which justify its premium valuation. Meanwhile, concerns over Ford's ability to pay its dividend from existing cash led to a deterioration in the company's Capital Structure and our overall assessment of the company.

Outlook

Although Global Equity markets were particularly strong in Q2 2020, it is worth remembering that markets have still declined so far this year. As such, we would not be surprised if they continued to rally, supported by an abundance of liquidity and signs that the economic recovery could be quicker-than-expected. All eyes remain on the US and the latest data shows consumer sentiment recovering strongly, while retail sales and manufacturing have also rebounded well, adding weight to those that believe in a v-shaped recovery.

We are positively inclined towards equities currently, but recognise that there are several potential risks that could create a huge amount of uncertainty. The accelerating number of coronavirus cases in the US is, save for a couple of exceptions, in direct contrast to most other regions. However, the largest increases seem to be concentrated mainly in States that have less of an impact on the US economy, although there is always a risk that it could spread. Meanwhile, politics continues to be influential and is likely to become more so ahead of the US elections, creating another source of potential volatility.

We remain of the belief that diversification, alongside a preference for companies with durable business models that are attractive from multiple perspectives, will be key in negotiating the market environment in the coming months.

Fund breakdown

Top 10 relative Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Lonza Group	Switzerland	2.42	0.08	2.34
ASML	Netherlands	2.35	0.33	2.02
Abbott Laboratories	United States	2.12	0.34	1.78
Accenture	United States	1.95	0.29	1.66
Thermo Fisher	United States	1.94	0.30	1.63
The Travelers Companies	United States	1.53	0.06	1.47
Walt Disney	United States	1.82	0.42	1.39
Visa	United States	1.99	0.69	1.30
TJX	United States	1.42	0.13	1.30
Amgen	United States	1.50	0.29	1.21

Top 10 absolute Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Microsoft	United States	3.73	3.09	0.64
Apple	United States	3.48	3.35	0.13
Amazon	United States	3.48	2.45	1.02
Lonza Group	Switzerland	2.42	0.08	2.34
ASML	Netherlands	2.35	0.33	2.02
Abbott Laboratories	United States	2.12	0.34	1.78
Visa	United States	1.99	0.69	1.30
Accenture	United States	1.95	0.29	1.66
Thermo Fisher	United States	1.94	0.30	1.63
Walt Disney	United States	1.82	0.42	1.39

Performance attribution - 1 month

Top 10 contributors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
ASML	Netherlands	2.35	0.33	12.69	0.19
Lam Research	United States	1.19	0.10	18.55	0.14
AIA	Hong Kong	1.26	0.24	16.54	0.12
Prudential	United Kingdom	1.12	0.08	16.31	0.12
Giant Manufacturing	Taiwan	1.03	0.01	14.32	0.10
Daifuku	Japan	1.22	0.02	12.05	0.09
Amazon	United States	3.48	2.45	12.94	0.09
Lonza Group	Switzerland	2.42	0.08	7.44	0.08
Pfizer	United States	-	0.38	-	0.08
Delta Air Lines	United States	1.00	0.01	11.27	0.07

Top 10 detractors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Abbott Laboratories	United States	2.12	0.34	-3.68	-0.13
Walt Disney	United States	1.82	0.42	-4.96	-0.12
Tencent	China	-	0.77	-	-0.12
TJX	United States	1.42	0.13	-4.17	-0.10
Svenska Cellulosa	Sweden	1.05	0.02	-4.67	-0.09
Baxter International	United States	1.18	0.09	-4.11	-0.08
Capital One	United States	0.71	0.06	-8.01	-0.08
China Resources Gas	China	0.47	0.01	-10.59	-0.07
Tesla	United States	-	0.33	-	-0.07
Discovery Inc	United States	0.78	0.01	-3.68	-0.07

Top 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Oasis Petroleum	United States	0.06	-	62.83	0.02
M&G	United Kingdom	0.29	0.01	19.61	0.04
Lam Research	United States	1.19	0.10	18.55	0.14
AIA	Hong Kong	1.26	0.24	16.54	0.12
Prudential	United Kingdom	1.12	0.08	16.31	0.12
Apple	United States	3.48	3.35	14.74	0.02
Giant Manufacturing	Taiwan	1.03	0.01	14.32	0.10
Aker BP	Norway	0.27	-	13.12	0.02
Amazon	United States	3.48	2.45	12.94	0.09
ASML	Netherlands	2.35	0.33	12.69	0.19

Bottom 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Biogen	United States	0.35	0.10	-12.88	-0.05
China Resources Gas	China	0.47	0.01	-10.59	-0.07
Capital One	United States	0.71	0.06	-8.01	-0.08
ORIX	Japan	0.54	0.03	-7.63	-0.06
Fujifilm	Japan	0.42	0.03	-7.56	-0.05
Copart	United States	0.52	0.04	-6.85	-0.05
Aena	Spain	0.62	0.02	-6.51	-0.06
ZOZO	Japan	-	0.01	-5.54	0.00
Walt Disney	United States	1.82	0.42	-4.96	-0.12
Svenska Cellulosa	Sweden	1.05	0.02	-4.67	-0.09

Performance attribution - 1 month

Sector level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Information Technology	22.82	20.74	2.08	1.20	0.03	0.09	0.24	0.35
Energy	2.46	3.55	-1.09	9.60	0.02	0.03	0.22	0.26
Consumer Discretionary	10.36	11.77	-1.40	1.56	-0.01	-0.04	0.16	0.12
Consumer Staples	8.32	8.06	0.26	1.18	0.02	0.00	0.07	0.09
Health Care	14.13	12.92	1.21	1.06	0.02	-0.06	0.12	0.08
Real Estate	3.28	2.91	0.37	1.31	0.03	0.00	0.01	0.04
Utilities	2.98	3.20	-0.22	0.89	0.01	0.01	0.02	0.03
Financials	14.86	13.43	1.43	0.19	-0.05	-0.01	0.09	0.03
Industrials	7.48	9.42	-1.94	-0.17	0.00	0.02	-0.01	0.01
Materials	2.63	4.64	-2.01	-5.18	0.00	-0.01	-0.15	-0.16
Communication Services	9.19	9.36	-0.17	-4.36	0.02	0.00	-0.45	-0.43
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.48	-	1.48	-	0.00	-0.01	-	-0.02

Regional level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
North America	57.54	60.32	-2.78	0.82	-0.03	0.02	0.51	0.49
Japan	5.99	6.99	-1.01	2.72	0.01	0.02	0.17	0.20
Europe and Middle East	20.97	17.34	3.63	0.38	0.06	0.02	0.03	0.11
EM Latin America	0.87	0.98	-0.10	4.63	0.00	-0.01	0.04	0.04
Pacific Free ex Japan	2.51	3.19	-0.68	2.23	-0.02	-0.02	0.07	0.03
EM EMEA	0.67	1.55	-0.88	1.43	-0.01	0.00	0.02	0.01
EM Asia	9.96	9.63	0.32	-4.71	0.06	0.02	-0.54	-0.45
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.48	-	1.48	-	0.00	-0.01	-	-0.02

Country level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
United States	57.54	57.56	-0.02	0.88	0.00	0.00	0.50	0.50
United Kingdom	1.90	3.88	-1.98	11.03	0.01	0.03	0.20	0.23
Japan	5.99	6.99	-1.01	2.72	0.01	0.02	0.17	0.20
Netherlands	2.89	1.19	1.71	4.32	0.01	0.06	0.13	0.20
Taiwan	2.28	1.49	0.79	2.44	0.01	0.03	0.06	0.10
Hong Kong	1.26	0.94	0.32	4.95	0.00	0.02	0.06	0.08
Norway	0.27	0.14	0.13	14.80	0.00	-0.01	0.04	0.03
Brazil	0.87	0.63	0.25	2.54	-0.01	0.01	0.03	0.03
Finland	1.93	0.28	1.65	3.27	0.01	-0.05	0.06	0.03
Russia	-	0.39	-0.39	-	0.00	0.02	-	0.02
Switzerland	5.46	2.84	2.62	0.48	0.03	-0.03	0.02	0.02
Hungary	0.67	0.03	0.65	4.54	-0.01	-0.01	0.03	0.01
Mexico	-	0.21	-0.21	-	0.01	0.00	-	0.01
Israel	-	0.17	-0.17	-	0.00	0.01	-	0.01
Italy	0.70	0.63	0.07	0.04	0.00	0.00	0.00	0.00
Saudi Arabia	-	0.32	-0.32	-	0.00	0.00	-	0.00
Qatar	-	0.10	-0.10	-	0.00	0.00	-	0.00
Thailand	-	0.28	-0.28	-	-0.01	0.01	-	0.00
Portugal	-	0.05	-0.05	-	0.00	0.00	-	0.00
Greece	-	0.02	-0.02	-	0.00	0.00	-	0.00
Malaysia	-	0.21	-0.21	-	0.00	0.00	-	0.00
Colombia	-	0.02	-0.02	-	0.00	0.00	-	0.00
Poland	-	0.09	-0.09	-	0.00	0.00	-	0.00
Ireland	-	0.18	-0.18	-	0.00	0.00	-	0.00
Egypt	-	0.01	-0.01	-	0.00	0.00	-	0.00
Peru	-	0.03	-0.03	-	0.00	0.00	-	0.00
Pakistan	-	0.00	0.00	-	0.00	0.00	-	0.00
Czech Republic	-	0.01	-0.01	-	0.00	0.00	-	0.00
Argentina	-	0.02	-0.02	-	0.00	0.00	-	0.00
United Arab Emirates	-	0.06	-0.06	-	0.00	0.00	-	0.00
Chile	-	0.07	-0.07	-	0.00	0.00	-	0.00
Turkey	-	0.06	-0.06	-	0.00	0.00	-	0.00
Singapore	-	0.31	-0.31	-	0.00	0.00	-	0.00
Austria	0.20	0.05	0.16	-1.61	0.00	0.00	0.00	0.00
Belgium	-	0.25	-0.25	-	0.00	0.00	-	0.00
Philippines	-	0.10	-0.10	-	0.00	0.00	-	0.00
New Zealand	-	0.09	-0.09	-	0.00	0.00	-	-0.01
Indonesia	0.78	0.18	0.60	-3.68	0.01	0.01	-0.03	-0.01
Canada	-	2.75	-2.75	-	-0.03	0.02	-	-0.01
South Africa	-	0.46	-0.46	-	0.00	-0.03	-	-0.03
Spain	1.89	0.66	1.23	-2.38	0.01	0.01	-0.05	-0.03
Australia	1.25	1.85	-0.60	-2.02	-0.02	0.00	-0.03	-0.05
Germany	0.51	2.55	-2.03	0.22	-0.01	-0.04	0.00	-0.06
India	0.40	0.97	-0.57	-9.13	0.00	-0.02	-0.04	-0.06
Korea	1.88	1.41	0.46	-4.42	0.01	0.01	-0.09	-0.06
Denmark	1.80	0.64	1.15	-3.04	0.01	-0.02	-0.06	-0.07
France	1.26	3.00	-1.74	-2.59	-0.01	-0.03	-0.04	-0.08
Sweden	2.17	0.84	1.33	-6.50	0.01	0.00	-0.16	-0.15
China	4.62	4.98	-0.36	-8.45	0.04	-0.02	-0.44	-0.42
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.48	-	1.48	-	0.00	-0.01	-	-0.02

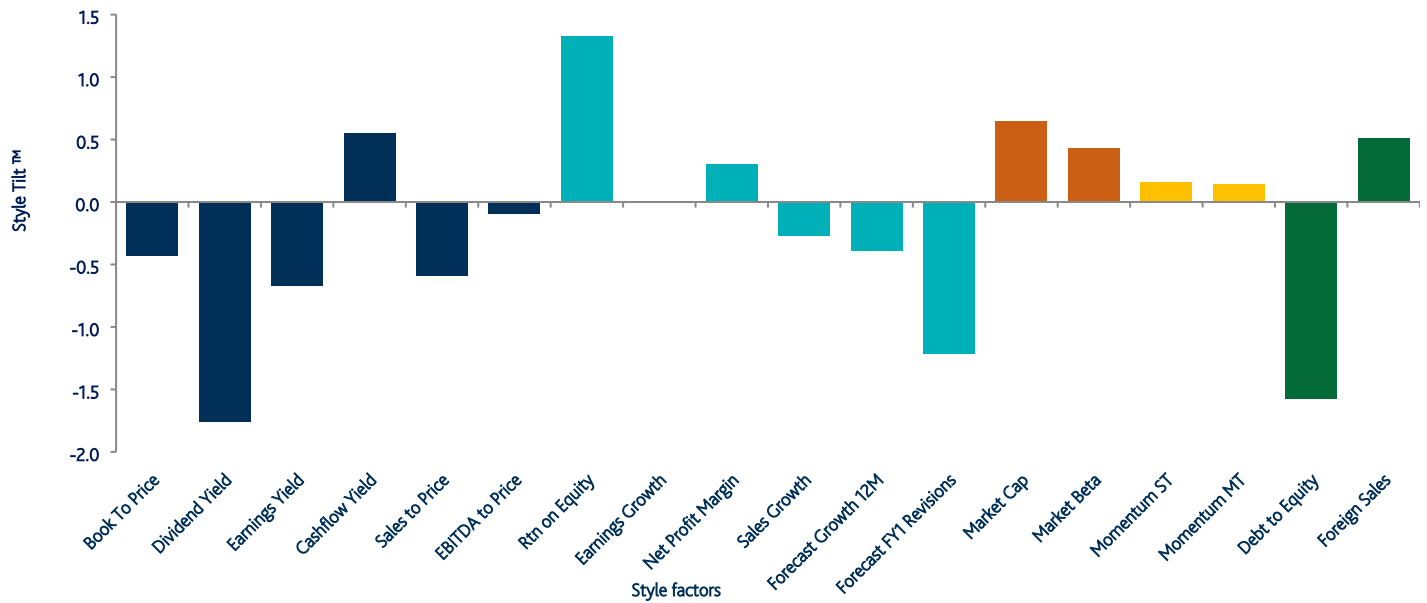
Market capitalisation

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
0 - 1B	0.06	0.02	0.04	89.51	0.00	0.00	0.03	0.03
1 - 5B	4.86	2.86	2.00	2.74	0.02	-0.05	0.13	0.10
5 - 10B	7.17	7.48	-0.31	0.95	-0.02	0.00	0.10	0.07
10 - 20B	10.89	11.71	-0.82	0.62	-0.03	0.01	0.07	0.04
20B+	75.53	77.93	-2.40	0.24	0.06	-0.01	0.12	0.17
Unclassified	-	-	-	-	0.00	0.00	-	0.00
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.48	-	1.48	-	0.00	-0.01	-	-0.02

Fund characteristics

Top 10 concentration (%)*	Active share (%)**	Dividend yield (%)***	Market cap (millions)***	Earnings yield (%)***
25.27	77.38	1.77	260,424.70	6.00

Fund Style Skyline™



Source: *Northern Trust. ** Barra. ***Style Research, Market Cap is the Portfolio Weighted Average.

Risk analysis

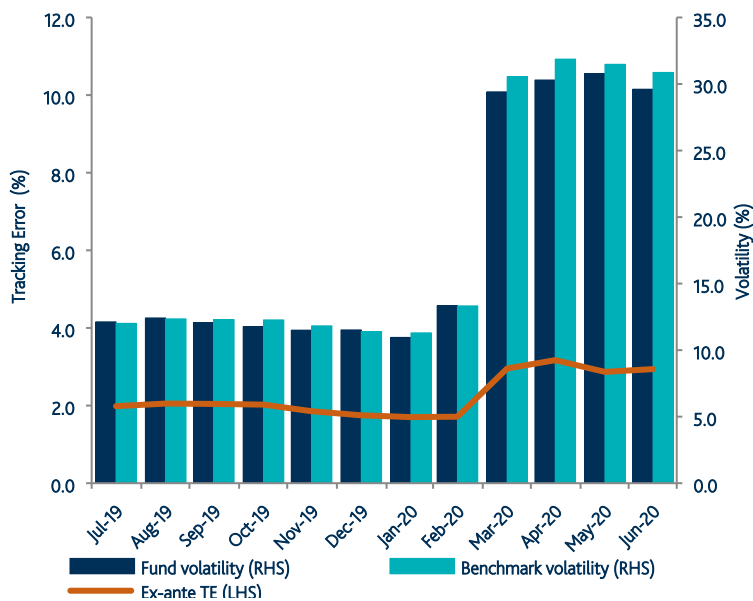
Top 10 contributors to risk (ex-ante)

	Country of incorporation	Tracking error (%)
Lonza Group	Switzerland	9.32
Thermo Fisher Scientific	United States	4.87
ASML	Netherlands	4.47
Abbott Laboratories	United States	4.45
Novo-Nordisk	Denmark	4.31
Roche Holding	Switzerland	4.31
Daifuku	Japan	3.56
Amgen	United States	3.49
Essity	Sweden	3.38
Lion	Japan	2.82

Risk attribution

	Tracking error (%)	Fund beta	Fund volatility (%)	Benchmark volatility (%)	Information ratio	Sharpe ratio
Ex-ante	2.94	0.96	29.61	30.87	-	-
Ex-post	2.27	1.01	16.36	16.03	-0.18	0.24

Tracking error (TE) and volatility history (ex-ante)



Fund statistics

Number of stocks (Fund)	99
Number of stocks (Benchmark)	2988
Upside market capture ratio	101.76
Downside market capture ratio	104.44

Contact us

If you have any general questions concerning your investment, or specifically related to the content of this Fund investment report, please let us know using the contact details below.

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