

Fund Investment Report



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Fund information

Investment objective

The Investment objective of the Fund is to achieve long-term capital appreciation.

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 World Index or equity securities of companies listed in the countries referenced in this index. The MSCI World Index is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed 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	5 December 2008
Fund value	USD24.49m
Benchmark	MSCI World Index 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 World Index returned 2.65% 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 and Energy was successful, outweighing the deduction from Communication Services. All regions added value in June, with the most notable contribution coming from selection in Japan.

ASML, AIA Group and Prudential were the largest individual contributors. ASML continued its 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. This also boosted sentiment towards Prudential which has a significant presence in Hong Kong. In addition, Athene took an 11% stake in Prudential's US business, Jackson National Life Insurance.

The largest detractors from stocks held were Duke Energy, Lockheed Martin and Walt Disney. Tesla, which is not held in the Fund, also detracted significantly. Duke Energy tracked the US Utilities sector, which underperformed in the period. Lockheed Martin underperformed alongside more defensive areas of the market. Walt Disney initially increased after its Shanghai resort reopened, but it fell as the number of coronavirus cases in the US increased.

Activity

Among the most notable trades in June were the opening of a new position in Tate & Lyle and the closure of the position in Pfizer. Tate & Lyle is an attractively valued, cash generative business that is well-managed and operationally efficient. Although Pfizer was cheaper than its peers and continued to score well on profitability, its Quality and Sentiment metrics had drifted lower. The position was closed as part of a rebalance that increased the beta of the Fund.

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 (%)
ASML	Netherlands	2.09	0.37	1.71
American Tower	United States	1.73	0.27	1.46
Accenture	United States	1.57	0.33	1.25
Lonza Group	Switzerland	1.33	0.09	1.24
Microsoft	United States	4.76	3.52	1.24
AstraZeneca	United Kingdom	1.50	0.33	1.17
Barrick Gold	Canada	1.27	0.11	1.15
West Pharmaceutical Services	United States	1.14	0.04	1.10
Lockheed Martin	United States	1.28	0.22	1.06
Zurich Insurance	Switzerland	1.18	0.13	1.06

Top 10 absolute Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Microsoft	United States	4.76	3.52	1.24
Apple	United States	3.44	3.82	-0.38
Amazon	United States	3.25	2.79	0.46
ASML	Netherlands	2.09	0.37	1.71
Alphabet	United States	2.01	1.02	0.99
American Tower	United States	1.73	0.27	1.46
Accenture	United States	1.57	0.33	1.25
Procter & Gamble	United States	1.55	0.71	0.84
AstraZeneca	United Kingdom	1.50	0.33	1.17
Visa	United States	1.49	0.79	0.70

Performance attribution - 1 month

Top 10 contributors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
ASML	Netherlands	2.09	0.37	12.51	0.15
AIA	Hong Kong	1.26	0.27	16.64	0.12
Prudential	United Kingdom	0.93	0.09	16.31	0.10
Barrick Gold	Canada	1.27	0.11	12.00	0.10
Lam Research	United States	0.77	0.11	18.55	0.09
Microsoft	United States	4.76	3.52	10.95	0.08
Johnson & Johnson	United States	-	0.89	-	0.08
Daifuku	Japan	0.88	0.02	12.02	0.07
Zurich Insurance	Switzerland	1.18	0.13	9.41	0.07
Nokia	Finland	0.88	0.06	9.98	0.06

Top 10 detractors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Duke Energy Corp	United States	1.18	0.14	-6.92	-0.11
Lockheed Martin	United States	1.28	0.22	-6.11	-0.10
Tesla	United States	-	0.38	-	-0.08
Walt Disney	United States	1.43	0.48	-5.04	-0.08
AstraZeneca	United Kingdom	1.50	0.33	-1.95	-0.07
Humana	United States	0.92	0.12	-5.24	-0.07
JP Morgan Chase	United States	0.87	0.69	-4.06	-0.06
Aena	Spain	0.59	0.02	-6.51	-0.06
Radian	United States	0.43	-	-4.31	-0.05
General Mills	United States	1.07	0.09	-1.92	-0.05

Top 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Oasis Petroleum	United States	0.10	-	62.83	0.04
M&G	United Kingdom	0.30	0.01	18.91	0.03
Lam Research	United States	0.77	0.11	18.55	0.09
AIA	Hong Kong	1.26	0.27	16.64	0.12
Prudential	United Kingdom	0.93	0.09	16.31	0.10
Apple	United States	3.44	3.82	14.71	-0.05
Marathon Oil	United States	0.23	-	14.61	0.03
Aker BP	Norway	0.27	-	13.12	0.02
Legrand	France	0.42	0.05	13.03	0.03
Amazon	United States	3.25	2.79	12.91	0.04

Bottom 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Biogen	United States	0.36	0.11	-12.88	-0.04
Inpex	Japan	0.22	0.02	-9.87	-0.03
Smith & Nephew	United Kingdom	0.39	0.04	-8.44	-0.04
Capital One	United States	0.42	0.07	-8.01	-0.04
ORIX	Japan	0.36	0.04	-7.68	-0.03
Steris Healthcare	United States	0.33	0.03	-7.19	-0.03
Duke Energy Corp	United States	1.18	0.14	-6.92	-0.11
Copart	United States	0.45	0.04	-6.89	-0.04
Aena	Spain	0.59	0.02	-6.51	-0.06
Brighthouse Financial	United States	0.38	-	-6.36	-0.04

Performance attribution - 1 month

Sector level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Energy	3.10	3.22	-0.11	9.50	0.00	-0.02	0.28	0.26
Information Technology	20.00	21.27	-1.27	1.74	0.01	-0.07	0.32	0.26
Materials	4.83	4.34	0.50	1.52	0.02	0.00	0.06	0.08
Real Estate	3.52	2.96	0.56	1.18	0.02	0.00	0.02	0.04
Financials	13.37	12.65	0.72	0.35	-0.04	-0.05	0.08	-0.01
Industrials	9.43	10.07	-0.65	-0.18	0.00	0.01	-0.02	-0.01
Utilities	3.65	3.33	0.32	-0.04	0.00	-0.02	0.00	-0.02
Consumer Staples	9.93	8.28	1.65	0.14	-0.02	-0.05	0.02	-0.04
Health Care	13.63	14.11	-0.48	0.20	0.00	-0.06	0.01	-0.05
Consumer Discretionary	10.53	10.99	-0.46	-0.51	-0.01	-0.01	-0.05	-0.06
Communication Services	6.93	8.79	-1.86	-2.93	0.01	0.03	-0.21	-0.17
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.07	-	1.07	-	-0.05	0.29	-	0.25

Regional level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Japan	7.68	7.96	-0.28	2.02	0.00	0.01	0.16	0.17
Europe and Middle East	21.53	19.74	1.79	0.23	0.02	0.02	0.03	0.08
Pacific ex Japan	4.03	3.63	0.40	0.30	-0.02	0.01	0.04	0.03
North America	65.68	68.67	-2.98	-0.02	0.00	0.01	0.00	0.01
Bermuda	-	-	-	-	0.00	0.00	-	0.00
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.07	-	1.07	-	-0.05	0.29	-	0.25

Country level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Japan	7.68	7.96	-0.28	2.02	0.00	0.01	0.16	0.17
Netherlands	2.96	1.35	1.61	2.85	0.01	0.05	0.08	0.15
Hong Kong	1.81	1.07	0.74	1.16	0.00	0.06	0.02	0.08
Finland	1.63	0.32	1.32	4.50	0.01	-0.03	0.07	0.05
Norway	0.61	0.16	0.45	14.06	0.00	-0.02	0.08	0.05
United Kingdom	4.03	4.41	-0.38	1.20	0.00	0.00	0.05	0.05
Switzerland	4.97	3.23	1.74	1.06	0.02	-0.02	0.05	0.05
Canada	2.62	3.13	-0.51	2.14	-0.01	0.00	0.05	0.05
Israel	-	0.20	-0.20	-	0.00	0.01	-	0.01
Singapore	0.66	0.35	0.31	0.05	0.00	0.00	0.00	0.00
Portugal	-	0.05	-0.05	-	0.00	0.00	-	0.00
Austria	-	0.05	-0.05	-	0.00	0.00	-	0.00
Ireland	0.23	0.20	0.03	-0.11	0.00	0.00	0.00	0.00
Belgium	-	0.29	-0.29	-	0.00	0.00	-	-0.01
Sweden	1.02	0.96	0.06	-1.44	0.00	0.00	-0.01	-0.01
New Zealand	-	0.10	-0.10	-	0.00	-0.01	-	-0.01
Italy	0.39	0.72	-0.33	0.04	0.00	-0.01	0.00	-0.02
Spain	1.62	0.76	0.87	-3.03	0.01	0.01	-0.06	-0.04
United States	63.06	65.53	-2.47	-0.10	0.00	0.01	-0.05	-0.04
Australia	1.56	2.11	-0.55	-1.18	-0.02	-0.01	-0.02	-0.04
Denmark	1.22	0.73	0.49	-3.12	0.00	-0.01	-0.04	-0.05
France	1.54	3.41	-1.87	-0.41	-0.01	-0.05	-0.01	-0.07
Germany	1.30	2.90	-1.59	-4.51	-0.01	-0.04	-0.06	-0.11
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.07	-	1.07	-	-0.05	0.29	-	0.25

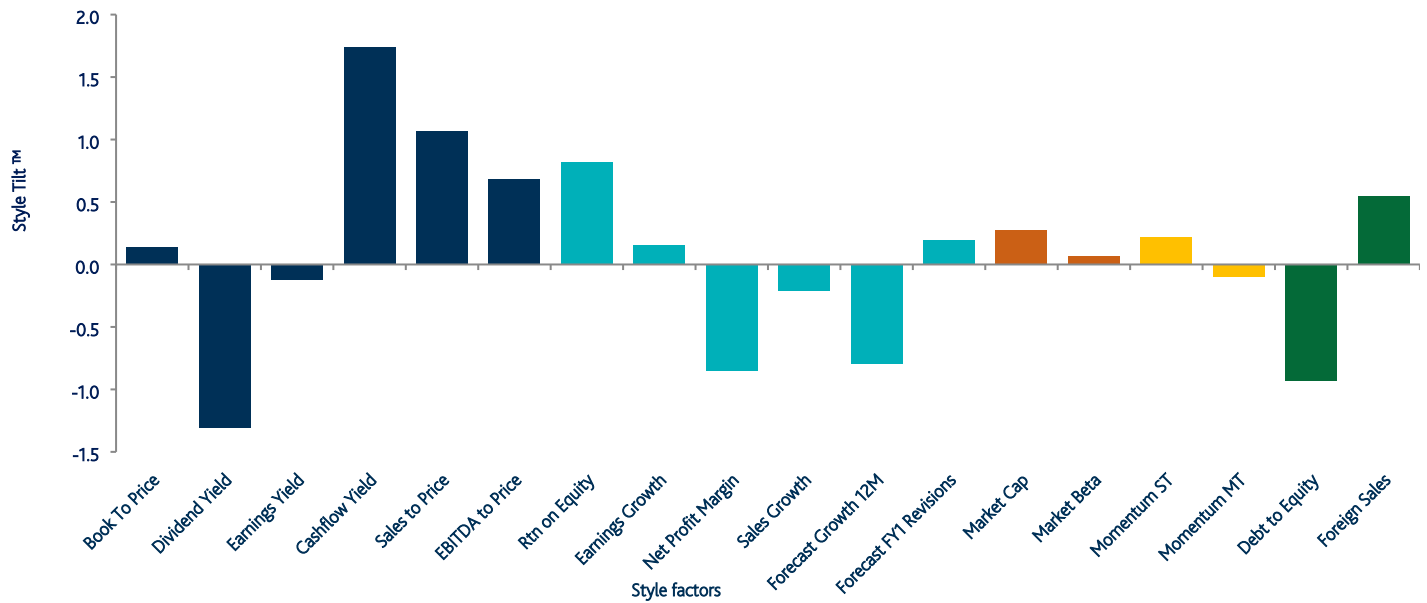
Market capitalisation

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
0 - 2B	0.87	-	0.87	-	0.00	-1.41	1.51	0.07
2 - 5B	4.82	1.38	3.45	2.43	0.00	-0.18	0.14	-0.05
5 - 10B	5.75	6.45	-0.70	2.59	-0.01	-0.02	0.17	0.14
10 - 50B	31.49	33.31	-1.82	0.41	-0.02	0.01	0.15	0.14
50 - 150B	24.11	25.58	-1.47	0.20	0.04	0.02	-0.01	0.05
150B+	31.89	33.28	-1.39	-0.15	0.00	-0.04	-0.03	-0.08
Unclassified	-	-	-	-	-	-	-	-
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.07	-	1.07	-	-0.05	0.29	-	0.25

Fund characteristics

Top 10 concentration (%)*	Active share (%)**	Dividend yield (%)***	Market cap (millions)***	Earnings yield (%)***
23.37	70.33	1.91	260,872.30	6.21

Fund Style Skyline™



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

Risk analysis

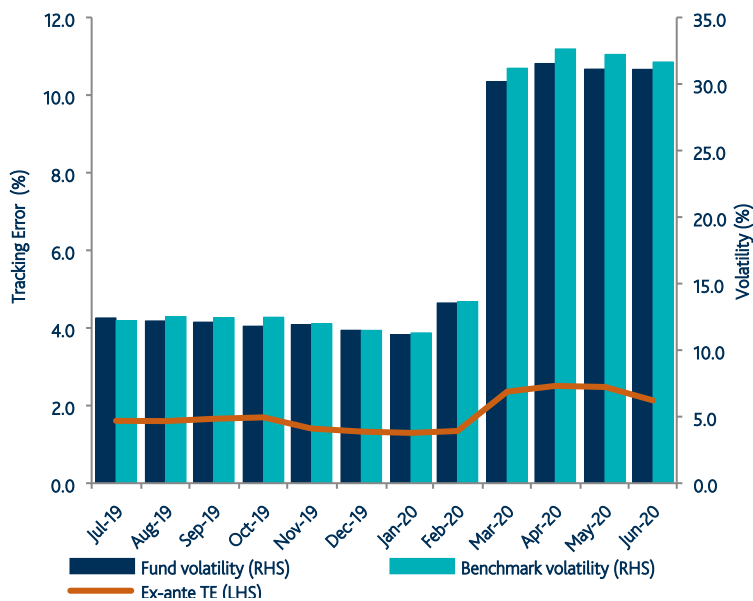
Top 10 contributors to risk (ex-ante)

	Country of incorporation	Tracking error (%)
Barrick Gold	Canada	6.10
Lonza Group	Switzerland	4.24
AstraZeneca	United Kingdom	4.16
ASML	Netherlands	3.97
Daifuku Co	Japan	2.96
AIA	Hong Kong	2.90
General Mills	United States	2.89
West Pharmaceutical Services	United States	2.62
Facebook	United States	2.56
Lion	Japan	2.44

Risk attribution

	Tracking error (%)	Fund beta	Fund volatility (%)	Benchmark volatility (%)	Information ratio	Sharpe ratio
Ex-ante	2.13	0.98	31.11	31.66	-	-
Ex-post	1.95	1.00	16.14	16.03	0.13	0.32

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



Fund statistics

Number of stocks (Fund)	140
Number of stocks (Benchmark)	1603
Upside market capture ratio	103.53
Downside market capture ratio	103.24

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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