

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	USD1,242.11m
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

Global Equity markets continued their advance in August and have now regained all of the losses from earlier in the year. The month saw a brief, but sharp rotation towards Value, although in the latter half of the month, markets returned to type as investors' preference for Growth and Sentiment returned. Against this backdrop, the MSCI All Country World Index returned 6.12% in US Dollar terms.

Over the month, the Fund underperformed the benchmark index. From a sector viewpoint, selection in Financials, Materials and Health Care contributed the most, partially offsetting detractions from selection in Consumer Discretionary and Information Technology. From a regional perspective, contributions from selection in Europe, Latin America and Asia Pacific ex Japan were offset by detractions from selection in Japan and Emerging Asia and our overweight in Europe.

Salesforce, Delta Air Lines and Royal Caribbean Cruises were the three largest contributors. Salesforce reported very strong revenues driven by new business growth and strong retention. It also reported a better-than-expected outlook, citing improving new business trends. Delta Air Lines and Royal Caribbean Cruises increased alongside value stocks at the start of the month, while approval of a blood plasma treatment for COVID-19 gave travel stocks a further boost. Royal Caribbean also issued positive commentary on forward pricing.

Tesla, which is not held in the Fund, was the largest detractor. From stocks held, Lam Research, Lonza Group and Lion Corp detracted the most. Lam Research fell after the US administration announced further restrictions on Huawei's use of US Technology in its products. Lonza Group paused for breath after a strong run. Lion Corp reported disappointing earnings due to lower sales and product mix that favoured lower margin areas, although this was offset by cost reductions.

Activity

Trading activity in August was limited to modest trims of our positions in Accenture and Orsted.

Outlook

Market commentators are fixating on the parallels between today's growth rally and the internet bubble of the early 2000s, and it is clear in the numbers that parallels do exist: the price/earnings ratio of the MSCI World Growth is approaching double that of the MSCI World Value, an extreme level reached only during the internet bubble. However, in this world of eternally low interest rates it is perhaps difficult to use historical reference points to determine if the market is overvalued or if the growth premium is excessive.

Our concerns, therefore, are not necessarily the numbers, but the exuberance, which we have seen of late. This will likely bring volatility as investors' swing between cyclical value and growth. The duration of such changes in investor preference still largely depends on bringing the coronavirus under control or finding a treatment or vaccine. Meanwhile, the Presidential elections, US-China tensions and a potential stalemate on Capitol Hill over further stimulus measures create a huge amount of uncertainty. As we have long said, we firmly believe that diversification will be vital in negotiating this febrile environment over the coming months.

Fund breakdown

Top 10 relative Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Lonza Group	Switzerland	2.55	0.09	2.46
Abbott Laboratories	United States	2.26	0.36	1.90
ASML	Netherlands	2.19	0.30	1.89
Thermo Fisher	United States	2.00	0.32	1.68
Accenture	United States	1.82	0.29	1.53
Walt Disney	United States	1.92	0.45	1.47
The Travelers Companies	United States	1.36	0.06	1.30
Visa	United States	1.95	0.68	1.27
TJX	United States	1.35	0.12	1.22
Amgen	United States	1.47	0.28	1.19

Top 10 absolute Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Apple	United States	4.37	4.26	0.12
Amazon	United States	3.86	2.75	1.11
Microsoft	United States	3.61	3.07	0.54
Lonza Group	Switzerland	2.55	0.09	2.46
Abbott Laboratories	United States	2.26	0.36	1.90
ASML	Netherlands	2.19	0.30	1.89
Thermo Fisher	United States	2.00	0.32	1.68
Visa	United States	1.95	0.68	1.27
Walt Disney	United States	1.92	0.45	1.47
Alphabet	United States	1.82	0.92	0.90

Performance attribution - 1 month

Top 10 contributors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Salesforce	United States	1.18	0.43	39.93	0.18
Delta Air Lines	United States	0.96	0.01	23.55	0.14
Royal Caribbean Group	United States	0.38	0.02	41.33	0.09
Stora Enso	Finland	0.95	0.02	16.98	0.09
Walt Disney	United States	1.92	0.45	12.73	0.08
AIA	Hong Kong	1.22	0.23	13.92	0.07
Cisco Systems	United States	-	0.34	-	0.06
Siemens Gamesa	Spain	0.87	0.01	14.19	0.06
Lululemon Athletica	United States	0.83	0.09	15.38	0.06
Visa	United States	1.95	0.68	11.44	0.06

Top 10 detractors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Tesla	United States	-	0.69	-	-0.27
Lam Research	United States	1.07	0.09	-10.82	-0.19
Lonza Group	Switzerland	2.55	0.09	-0.41	-0.16
Lion	Japan	0.45	0.01	-17.88	-0.13
Facebook	United States	-	1.33	-	-0.11
American Tower	United States	1.13	0.21	-4.68	-0.11
NVIDIA	United States	-	0.62	-	-0.10
American Water Works	United States	0.95	0.05	-3.71	-0.09
Micron Technology	United States	0.63	0.10	-9.08	-0.09
Hess	United States	0.68	0.02	-6.44	-0.09

Top 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Royal Caribbean Group	United States	0.38	0.02	41.33	0.09
Salesforce	United States	1.18	0.43	39.93	0.18
Delta Air Lines	United States	0.96	0.01	23.55	0.14
Apple	United States	4.37	4.26	21.58	0.01
Kurita Water Industries	Japan	0.61	0.01	17.01	0.06
Stora Enso	Finland	0.95	0.02	16.98	0.09
ORIX	Japan	0.62	0.03	15.62	0.04
Lululemon Athletica	United States	0.83	0.09	15.38	0.06
Alibaba (ADR)	China	1.42	1.02	14.96	0.04
Aena	Spain	0.60	0.02	14.71	0.04

Bottom 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Lion	Japan	0.45	0.01	-17.88	-0.13
Oasis Petroleum	United States	0.04	-	-13.22	-0.01
Lam Research	United States	1.07	0.09	-10.82	-0.19
Micron Technology	United States	0.63	0.10	-9.08	-0.09
Samsung Electronic	Korea	0.78	0.41	-6.46	-0.05
Hess	United States	0.68	0.02	-6.44	-0.09
Telekomunikasi	Indonesia	0.59	0.02	-5.99	-0.07
OTP Bank	Hungary	0.56	0.01	-5.15	-0.07
China Resources Gas	China	0.40	0.01	-4.71	-0.04
American Tower	United States	1.13	0.21	-4.68	-0.11

Performance attribution - 1 month

Sector level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Materials	2.60	4.69	-2.08	5.68	-0.01	0.04	0.14	0.17
Financials	14.59	12.85	1.74	0.99	-0.04	-0.03	0.19	0.11
Real Estate	3.30	2.73	0.57	2.65	0.02	-0.02	0.06	0.06
Health Care	14.04	12.30	1.74	0.92	0.01	-0.06	0.10	0.06
Consumer Staples	8.12	7.84	0.29	0.71	0.01	-0.01	0.05	0.05
Industrials	7.54	9.44	-1.90	0.93	0.00	-0.03	0.07	0.04
Energy	2.18	3.13	-0.95	-1.68	0.01	0.05	-0.06	0.01
Utilities	2.81	3.00	-0.19	-0.48	0.01	0.01	-0.02	0.00
Communication Services	8.88	9.49	-0.62	-0.52	0.00	0.00	-0.05	-0.05
Information Technology	23.33	21.73	1.60	-0.92	0.00	0.05	-0.22	-0.17
Consumer Discretionary	11.31	12.80	-1.49	-3.21	-0.05	-0.09	-0.30	-0.44
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.30	-	1.30	-	0.00	-0.05	-	-0.06

Regional level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
EM Latin America	1.03	0.91	0.12	16.74	-0.02	0.00	0.17	0.15
Pacific Free ex Japan	2.51	3.09	-0.58	5.08	-0.02	0.01	0.13	0.13
Europe and Middle East	20.64	16.77	3.86	0.91	0.02	-0.11	0.21	0.12
EM EMEA	0.56	1.44	-0.89	-6.39	-0.01	0.04	-0.03	0.00
North America	58.26	61.41	-3.15	-0.15	-0.07	-0.05	-0.02	-0.13
EM Asia	9.99	9.74	0.25	-1.27	0.06	-0.01	-0.19	-0.14
Japan	5.72	6.63	-0.92	-4.71	0.01	-0.01	-0.28	-0.28
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.30	-	1.30	-	0.00	-0.05	-	-0.06

Country level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
United Kingdom	1.94	3.62	-1.68	7.41	-0.03	0.07	0.13	0.18
Brazil	1.03	0.58	0.45	20.17	-0.02	-0.03	0.18	0.13
Spain	2.07	0.61	1.46	7.26	0.01	-0.07	0.15	0.08
Hong Kong	1.22	0.90	0.31	5.61	0.00	0.00	0.07	0.07
Australia	1.30	1.82	-0.53	2.92	-0.01	0.02	0.04	0.04
Netherlands	2.72	1.14	1.58	3.27	0.01	-0.06	0.09	0.04
Finland	2.04	0.28	1.75	-0.09	0.01	0.02	0.00	0.03
South Africa	-	0.43	-0.43	-	0.00	0.03	-	0.03
Italy	0.66	0.61	0.04	4.32	0.00	0.00	0.03	0.03
France	1.24	2.89	-1.65	0.40	-0.01	0.03	0.01	0.03
Russia	-	0.35	-0.35	-	0.00	0.02	-	0.02
Malaysia	-	0.20	-0.20	-	0.00	0.02	-	0.02
Canada	-	2.75	-2.75	-	-0.07	0.09	-	0.02
Thailand	-	0.23	-0.23	-	0.00	0.02	-	0.02
Germany	0.53	2.55	-2.02	3.36	-0.02	0.01	0.02	0.01
Singapore	-	0.28	-0.28	-	0.00	0.01	-	0.01
Chile	-	0.06	-0.06	-	0.00	0.01	-	0.01
Belgium	-	0.24	-0.24	-	0.00	0.01	-	0.01
Mexico	-	0.19	-0.19	-	0.00	0.01	-	0.01
Israel	-	0.17	-0.17	-	0.00	0.01	-	0.01
Turkey	-	0.04	-0.04	-	0.00	0.00	-	0.01
Philippines	-	0.09	-0.09	-	0.00	0.01	-	0.00
New Zealand	-	0.09	-0.09	-	0.00	0.01	-	0.00
Saudi Arabia	-	0.31	-0.31	-	0.00	0.00	-	0.00
Portugal	-	0.04	-0.04	-	0.00	0.00	-	0.00
Qatar	-	0.10	-0.10	-	0.00	0.00	-	0.00
Poland	-	0.09	-0.09	-	0.00	0.00	-	0.00
Argentina	-	0.02	-0.02	-	0.00	0.00	-	0.00
Colombia	-	0.02	-0.02	-	0.00	0.00	-	0.00
Greece	-	0.02	-0.02	-	0.00	0.00	-	0.00
Norway	0.27	0.15	0.11	-0.52	0.01	0.00	0.00	0.00
Czech Republic	-	0.01	-0.01	-	0.00	0.00	-	0.00
Pakistan	-	0.00	0.00	-	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
Ireland	-	0.18	-0.18	-	0.00	0.00	-	0.00
United Arab Emirates	-	0.06	-0.06	-	0.00	0.00	-	0.00
Sweden	2.04	0.87	1.17	0.37	0.01	-0.02	0.01	0.00
Austria	0.17	0.04	0.12	-2.17	0.00	0.00	0.00	0.00
India	0.41	1.00	-0.60	-7.36	-0.01	0.02	-0.03	-0.02
Korea	1.73	1.39	0.34	-0.78	0.00	-0.02	-0.01	-0.03
China	4.62	5.14	-0.53	-0.68	0.08	0.01	-0.11	-0.03
Taiwan	2.65	1.51	1.15	1.81	-0.01	-0.08	0.05	-0.04
Hungary	0.56	0.03	0.53	-2.73	-0.01	-0.04	-0.02	-0.06
Indonesia	0.59	0.17	0.42	-8.31	0.00	-0.01	-0.05	-0.07
Denmark	1.66	0.66	1.01	-3.80	0.01	-0.03	-0.07	-0.08
United States	58.26	58.66	-0.41	-0.24	0.00	-0.01	-0.14	-0.15
Switzerland	5.32	2.71	2.60	-2.04	0.02	-0.11	-0.11	-0.21
Japan	5.72	6.63	-0.92	-4.71	0.01	-0.01	-0.28	-0.28
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.30	-	1.30	-	0.00	-0.05	-	-0.06

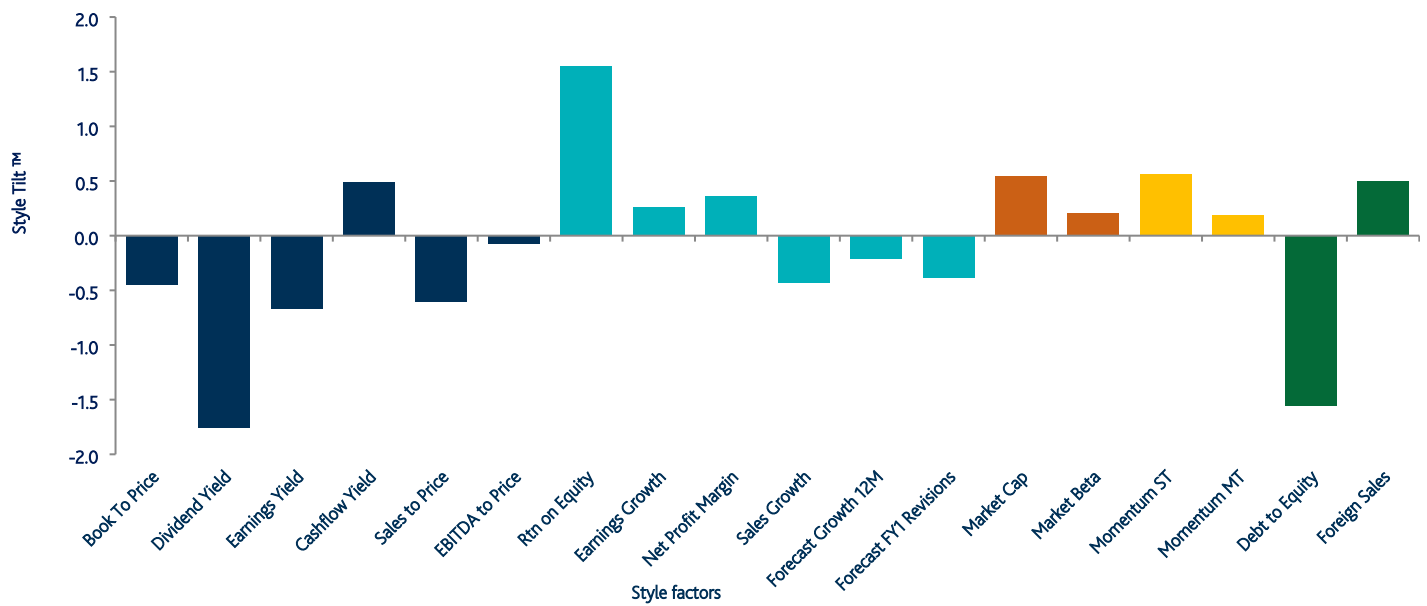
Market capitalisation

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
0 - 1B	0.04	0.02	0.02	-7.88	0.00	0.00	0.00	-0.01
1 - 5B	4.66	2.37	2.29	0.56	0.02	-0.06	0.01	-0.04
5 - 10B	5.62	6.30	-0.68	1.39	-0.02	0.01	0.08	0.07
10 - 20B	9.46	11.08	-1.62	2.85	-0.02	0.05	0.29	0.32
20B+	78.92	80.23	-1.31	-0.63	-0.10	-0.01	-0.41	-0.51
Unclassified	-	-	-	-	0.00	0.00	-	0.00
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	1.30	-	1.30	-	0.00	-0.05	-	-0.06

Fund characteristics

Top 10 concentration (%)*	Active share (%)**	Dividend yield (%)***	Market cap (millions)***	Earnings yield (%)***
26.53	76.71	1.57	341,904.90	5.44

Fund Style Skyline™



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

Risk analysis

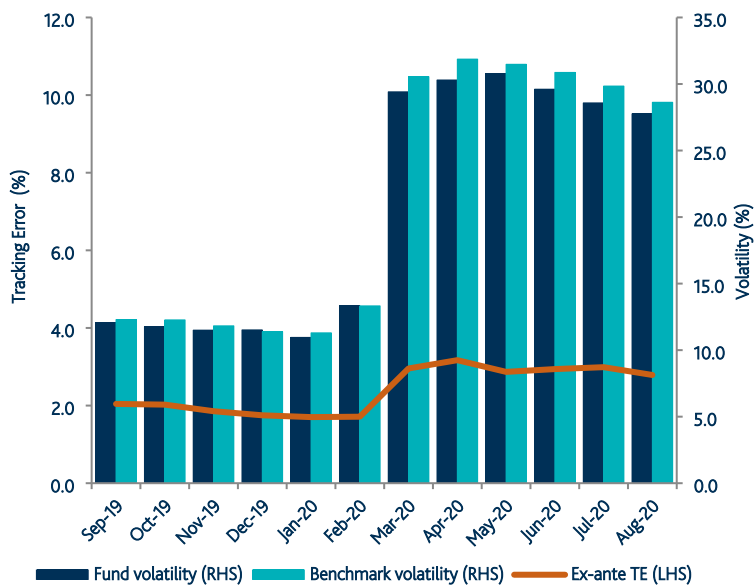
Top 10 contributors to risk (ex-ante)

	Country of incorporation	Tracking error (%)
Lonza Group	Switzerland	9.67
Thermo Fisher Scientific	United States	5.35
Abbott Laboratories	United States	5.32
ASML	Netherlands	3.83
Tesla	United States	3.58
Novo-Nordisk	Denmark	3.49
Amgen	United States	3.29
Roche Holding	Switzerland	3.16
Taiwan Semiconductor Manufacturing	Taiwan	2.98
Essity	Sweden	2.76

Risk attribution

	Tracking error (%)	Fund beta	Fund volatility (%)	Benchmark volatility (%)	Information ratio	Sharpe ratio
Ex-ante	2.79	0.97	27.76	28.63	-	-
Ex-post	2.37	1.02	16.91	16.50	-0.11	0.41

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



Fund statistics

Number of stocks (Fund)	100
Number of stocks (Benchmark)	2984
Upside market capture ratio	102.15
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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