

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	USD27.60m
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

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 World Index returned 6.68%, in US Dollars.

Over the month, the Fund underperformed the benchmark index. From a sector viewpoint, selection in Financials and Health Care contributed the most, partially offsetting detractions from selection in Consumer Discretionary and Information Technology. From a regional perspective, the contribution from selection in Europe was offset by detractions from selection in North America and Japan.

Delta Air Lines, Salesforce and AIA Group were the three largest contributors from stocks held. Delta Air Lines 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. 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. AIA Group reported a strong recovery in new business during Q2 as lockdown measures were relaxed.

From stocks held, American Tower, Lam Research and Lion Corp detracted the most. Tesla and Facebook, which are not held in the Fund, were also significant detractors. American Tower reported lower-than-expected revenues and reduced guidance due primarily to a delay in leasing activity, although this is expected to recover later this year. Lam Research fell after the US administration announced further restrictions on Huawei's use of US Technology in its products. 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

We sold out of the positions in HSBC and Swire Pacific during August as we sought to reduce exposure to Hong Kong and China due to the ongoing tensions within the region and between the US and China.

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 (%)
ASML	Netherlands	1.97	0.34	1.63
Lonza Group	Switzerland	1.42	0.10	1.32
Microsoft	United States	4.76	3.49	1.27
American Tower	United States	1.50	0.24	1.26
West Pharmaceutical Services	United States	1.29	0.04	1.24
Accenture	United States	1.49	0.33	1.16
Barrick Gold	Canada	1.27	0.11	1.15
AstraZeneca	United Kingdom	1.46	0.31	1.15
Zoetis	United States	1.20	0.16	1.04
Alphabet	United States	2.08	1.05	1.03

Top 10 absolute Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Microsoft	United States	4.76	3.49	1.27
Apple	United States	4.38	4.84	-0.46
Amazon	United States	3.66	3.13	0.53
Alphabet	United States	2.08	1.05	1.03
ASML	Netherlands	1.97	0.34	1.63
Procter & Gamble	United States	1.61	0.73	0.88
Walt Disney	United States	1.52	0.51	1.01
American Tower	United States	1.50	0.24	1.26
Accenture	United States	1.49	0.33	1.16
Visa	United States	1.47	0.78	0.70

Performance attribution - 1 month

Top 10 contributors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Delta Air Lines	United States	0.63	0.01	23.55	0.08
Cisco Systems	United States	-	0.38	-	0.07
Salesforce	United States	0.76	0.49	39.93	0.06
AIA	Hong Kong	1.26	0.27	13.92	0.06
Lululemon Athletica	United States	0.86	0.10	15.38	0.06
Walt Disney	United States	1.52	0.51	12.77	0.05
Kurita Water Industries	Japan	0.52	0.01	17.01	0.05
Royal Caribbean Group	United States	0.21	0.03	41.33	0.04
Siemens Gamesa	Spain	0.69	0.01	14.19	0.04
Stora Enso	Finland	0.49	0.02	16.98	0.04

Top 10 detractors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Tesla	United States	-	0.79	-	-0.30
American Tower	United States	1.50	0.24	-4.68	-0.15
Lam Research	United States	0.72	0.10	-10.82	-0.12
Facebook	United States	-	1.51	-	-0.12
Lion	Japan	0.40	0.01	-17.88	-0.12
NVIDIA	United States	-	0.70	-	-0.11
Duke Energy Corp	United States	1.08	0.13	-4.22	-0.11
American Water Works	United States	1.05	0.05	-3.71	-0.11
Lonza Group	Switzerland	1.42	0.10	-0.43	-0.09
Marathon Petroleum	United States	0.68	0.05	-5.88	-0.08

Top 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Royal Caribbean Group	United States	0.21	0.03	41.33	0.04
Salesforce	United States	0.76	0.49	39.93	0.06
Yokohama Rubber	Japan	0.14	0.00	25.44	0.02
Delta Air Lines	United States	0.63	0.01	23.55	0.08
Apple	United States	4.38	4.84	21.59	-0.06
Kurita Water Industries	Japan	0.52	0.01	17.01	0.05
Stora Enso	Finland	0.49	0.02	16.98	0.04
ING Groep	Netherlands	0.30	0.07	16.71	0.02
ORIX	Japan	0.41	0.04	15.69	0.02
Lululemon Athletica	United States	0.86	0.10	15.38	0.06

Bottom 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Lion	Japan	0.40	0.01	-17.88	-0.12
Oasis Petroleum	United States	0.07	-	-13.22	-0.01
Lam Research	United States	0.72	0.10	-10.82	-0.12
Micron Technology	United States	0.49	0.11	-9.08	-0.07
Kirby	United States	0.23	-	-8.22	-0.04
Hess	United States	0.59	0.03	-6.44	-0.08
Marathon Petroleum	United States	0.68	0.05	-5.88	-0.08
Neles Oyj	Finland	0.12	-	-5.47	-0.01
NEC	Japan	0.33	0.03	-5.38	-0.04
HSBC	United Kingdom	-	0.19	-4.85	0.00

Performance attribution - 1 month

Sector level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Health Care	13.65	13.41	0.23	1.17	0.02	0.00	0.13	0.16
Materials	4.84	4.36	0.48	2.23	0.03	-0.01	0.08	0.10
Financials	12.84	12.18	0.66	0.60	-0.04	-0.01	0.13	0.08
Consumer Staples	9.70	8.05	1.64	0.22	-0.02	-0.06	0.05	-0.04
Real Estate	3.30	2.78	0.52	-0.41	0.02	-0.02	-0.03	-0.04
Communication Services	6.99	9.02	-2.03	-0.49	0.01	-0.02	-0.04	-0.06
Industrials	9.54	10.12	-0.58	-0.53	0.00	-0.01	-0.05	-0.06
Utilities	3.49	3.13	0.36	-1.08	-0.01	-0.03	-0.03	-0.07
Energy	2.77	2.79	-0.02	-3.06	0.00	0.00	-0.09	-0.09
Information Technology	20.67	22.30	-1.63	-0.91	0.01	-0.06	-0.20	-0.25
Consumer Discretionary	11.28	11.84	-0.56	-3.13	-0.02	-0.02	-0.34	-0.38
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.93	-	0.93	-	0.00	-0.04	-	-0.04

Regional level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Europe and Middle East	20.75	19.08	1.67	0.95	0.02	-0.05	0.20	0.16
Pacific ex Japan	3.88	3.51	0.36	1.51	-0.01	-0.01	0.08	0.06
Japan	7.29	7.55	-0.26	-3.34	0.00	0.00	-0.25	-0.25
North America	67.15	69.86	-2.71	-0.89	-0.01	-0.03	-0.59	-0.62
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.93	-	0.93	-	0.00	-0.04	-	-0.04

Country level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
United Kingdom	3.56	4.12	-0.56	1.53	-0.01	0.03	0.05	0.07
Spain	1.73	0.70	1.04	7.08	0.01	-0.06	0.12	0.07
Hong Kong	1.61	1.03	0.58	3.35	0.00	0.00	0.05	0.06
France	1.55	3.29	-1.74	1.27	-0.01	0.04	0.02	0.05
Germany	1.35	2.90	-1.56	3.44	-0.01	0.02	0.05	0.05
Australia	1.64	2.08	-0.43	2.06	-0.01	0.02	0.03	0.04
Netherlands	2.84	1.29	1.54	3.24	0.01	-0.07	0.09	0.03
Sweden	0.98	0.99	-0.01	2.77	0.00	0.00	0.03	0.03
Italy	0.38	0.70	-0.32	4.32	0.00	0.01	0.02	0.03
Belgium	-	0.28	-0.28	-	0.00	0.02	-	0.01
Israel	-	0.19	-0.19	-	0.00	0.01	-	0.01
Norway	0.58	0.17	0.41	0.78	0.02	-0.01	0.00	0.01
New Zealand	-	0.10	-0.10	-	0.00	0.01	-	0.01
Ireland	0.23	0.21	0.02	1.87	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
Finland	1.77	0.32	1.45	-1.52	0.01	0.01	-0.03	0.00
Canada	2.62	3.13	-0.51	-0.44	-0.01	0.02	-0.01	-0.01
Singapore	0.62	0.32	0.31	-4.21	0.00	-0.02	-0.03	-0.04
Denmark	1.12	0.75	0.37	-4.03	0.00	-0.01	-0.05	-0.06
Switzerland	4.68	3.09	1.59	-1.50	0.01	-0.08	-0.07	-0.14
Japan	7.29	7.55	-0.26	-3.34	0.00	0.00	-0.25	-0.25
United States	64.53	66.73	-2.20	-0.92	0.01	-0.03	-0.60	-0.61
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.93	-	0.93	-	0.00	-0.04	-	-0.04

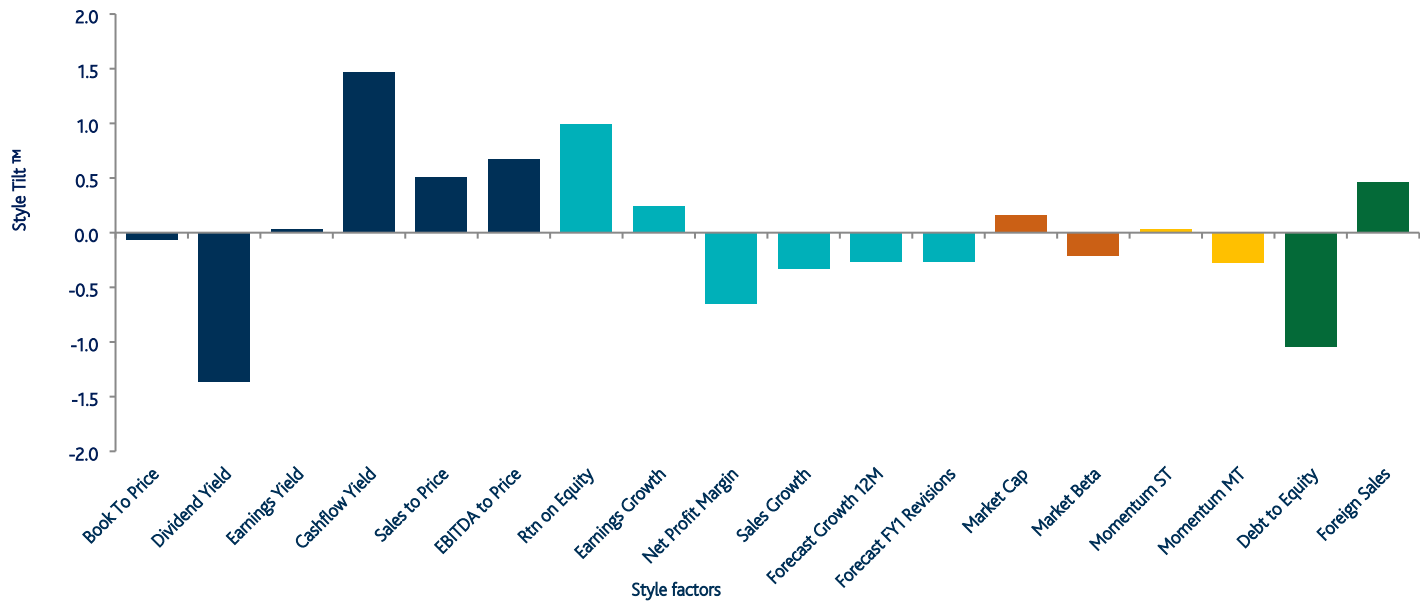
Market capitalisation

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
0 - 2B	0.76	0.00	0.76	-	0.01	-0.11	0.08	-0.02
2 - 5B	4.52	1.11	3.41	-3.43	0.00	0.02	-0.15	-0.13
5 - 10B	4.55	5.28	-0.72	0.05	0.01	0.01	0.01	0.03
10 - 50B	30.40	31.37	-0.97	0.14	-0.05	0.04	0.08	0.07
50 - 150B	21.78	26.18	-4.40	-1.83	0.03	0.07	-0.46	-0.37
150B+	37.05	36.06	0.99	-0.70	0.01	0.03	-0.27	-0.23
Unclassified	-	-	-	-	0.00	0.00	-	0.00
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.93	-	0.93	-	0.00	-0.04	-	-0.04

Fund characteristics

Top 10 concentration (%)*	Active share (%)**	Dividend yield (%)***	Market cap (millions)***	Earnings yield (%)***
24.45	69.41	1.70	341,384.10	5.73

Fund Style Skyline™



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

Risk analysis

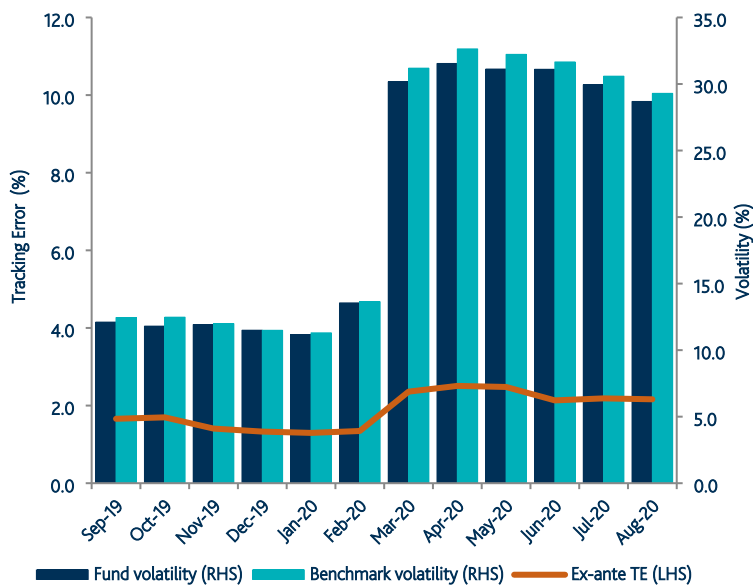
Top 10 contributors to risk (ex-ante)

	Country of incorporation	Tracking error (%)
Barrick Gold	Canada	6.31
Tesla	United States	6.03
Lonza Group	Switzerland	4.88
West Pharmaceutical Services	United States	4.11
AstraZeneca	United kingdom	3.95
Facebook	United States	3.46
ASML	Netherlands	3.27
General Mills	United States	3.00
Procter & Gamble	United States	2.87
Costco Wholesale	United States	2.71

Risk attribution

	Tracking error (%)	Fund beta	Fund volatility (%)	Benchmark volatility (%)	Information ratio	Sharpe ratio
Ex-ante	2.16	0.98	28.69	29.30	-	-
Ex-post	1.95	1.00	16.58	16.52	-0.10	0.47

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



Fund statistics

Number of stocks (Fund)	140
Number of stocks (Benchmark)	1601
Upside market capture ratio	101.52
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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