

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	USD1,150.67m
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 to advance in July with the MSCI All Country World Index returning 5.29%. Earnings season is well underway and, so far, there have been few surprises. The big winners have been the Mega Cap technology companies, which typically posted impressive results. This has been a contributory factor in the strong showing of Sentiment, Growth and Profitability and an avoidance of Valuation in the Alpha Model.

Over the month, the Fund outperformed the benchmark index. From a sector viewpoint, selection in Health Care, Consumer Discretionary and Real Estate contributed the most, offsetting detractions from selection in Materials and Communication services. Overall, value was added in all regions in July with successful selection in Europe, North America, Japan and Emerging Asia offsetting the detraction from our overweight in Europe.

Lonza Group, Taiwan Semiconductor (TSMC) and Trane Technologies were the largest individual contributors. Lonza Group increased following positive trial results of Moderna's coronavirus vaccine trial. It also posted better-than-expected earnings, driven by improving margins. TSMC increased after Intel announced a delay to its next generation chips, which could give TSMC an edge over its rival. Trane Technologies reported revenues and earnings significantly ahead of expectations with notable resilience in demand for heating, ventilation and air conditioning systems.

The largest detractors from stocks held were ASML, Delta Air Lines and Orix Corp. Tesla, which is not held in the Fund, also detracted significantly. ASML reported quarterly earnings slightly below consensus expectations. Additionally, Q2 bookings were disappointing, although the company continues to have a strong order backlog. Delta Air Lines continues to be impacted by the decline in global air travel. Orix Corp fell after its subsidiary, Avolon, which finances and leases aircraft to the airline industry, reported large impairment charges in its quarterly results.

Activity

We opened a new position in MSCI in July. The company looks particularly attractive from a growth and profitability standpoint. Further, it has a strong balance sheet and is well-liked by the market. These attributes justify its premium valuation.

Outlook

A sense of relative calm has spread across Global Equity markets with volatility continuing to tick downwards. The earnings season has not delivered many significant shocks thus far, although it is notable that many companies are still withholding guidance, but this has not spooked investors. The winners from the earnings season have undoubtedly been the Mega Cap technology companies. Expectations for the 'FAANG's and other similar transformational companies were sky-high and yet many managed to exceed a seemingly impossible target by an impressive margin.

More generally, the Federal Reserve remains resolutely dovish with Chairman Powell's latest press conference focused on the downside risks posed by rising COVID-19 cases and signs that it was starting to affect confidence and activity levels. However, in these strange times bad news is often seen as good news and markets have responded positively. Meanwhile, there are some potential risks on the horizon, including a reignition of US-China tensions as the Presidential election draws nearer and growing fears of a second wave of coronavirus. If something major does happen, the traditional summer lull in trading volumes could magnify the impact on markets, and while there remains plenty of support for equity markets, this is something to be wary of.

Fund breakdown

Top 10 relative Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Lonza Group	Switzerland	2.70	0.09	2.61
Abbott Laboratories	United States	2.20	0.35	1.85
ASML	Netherlands	2.14	0.30	1.84
Thermo Fisher	United States	2.08	0.33	1.75
Accenture	United States	1.95	0.29	1.66
The Travelers Companies	United States	1.44	0.06	1.39
Walt Disney	United States	1.79	0.42	1.37
TJX	United States	1.38	0.12	1.26
Amgen	United States	1.52	0.29	1.24
Visa	United States	1.85	0.65	1.20

Top 10 absolute Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Apple	United States	3.82	3.72	0.10
Amazon	United States	3.75	2.68	1.07
Microsoft	United States	3.54	2.96	0.58
Lonza Group	Switzerland	2.70	0.09	2.61
Abbott Laboratories	United States	2.20	0.35	1.85
ASML	Netherlands	2.14	0.30	1.84
Thermo Fisher	United States	2.08	0.33	1.75
Accenture	United States	1.95	0.29	1.66
Visa	United States	1.85	0.65	1.20
Alphabet	United States	1.80	0.89	0.91

Performance attribution - 1 month

Top 10 contributors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Lonza Group	Switzerland	2.70	0.09	18.37	0.29
Taiwan Semiconductor Mftg	Taiwan	1.60	0.71	36.87	0.20
Trane Technologies	United States	1.15	0.05	25.73	0.18
Siemens Gamesa	Spain	0.82	0.01	32.92	0.17
Thermo Fisher	United States	2.08	0.33	14.25	0.14
Intel	United States	-	0.41	-	0.13
Giant Manufacturing	Taiwan	1.15	0.01	17.70	0.12
Lam Research	United States	1.29	0.11	16.55	0.11
Magazine Luiza	Brazil	0.98	0.02	18.92	0.11
Goodman	Australia	0.92	0.04	18.58	0.10

Top 10 detractors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
ASML	Netherlands	2.14	0.30	-3.47	-0.17
Delta Air Lines	United States	0.84	0.01	-11.00	-0.15
Tesla	United States	-	0.42	-	-0.09
ORIX	Japan	0.43	0.03	-12.75	-0.08
Hess	United States	0.79	0.03	-4.96	-0.08
Visa	United States	1.85	0.65	-1.45	-0.08
AIA	Hong Kong	1.15	0.22	-3.10	-0.08
Analog Devices	United States	0.72	0.08	-6.34	-0.08
Prudential	United Kingdom	0.89	0.08	-3.71	-0.08
Facebook	United States	-	1.22	-	-0.07

Top 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Taiwan Semiconductor Mftg	Taiwan	1.60	0.71	36.87	0.20
Siemens Gamesa	Spain	0.82	0.01	32.92	0.17
Trane Technologies	United States	1.15	0.05	25.73	0.18
Orsted	Denmark	0.55	0.05	24.00	0.08
Weyerhaeuser	United States	0.70	0.04	23.85	0.10
China Mengniu Dairy	China	0.59	0.03	22.80	0.08
GTT	France	0.70	-	21.29	0.09
Magazine Luiza	Brazil	0.98	0.02	18.92	0.11
Goodman	Australia	0.92	0.04	18.58	0.10
Lonza Group	Switzerland	2.70	0.09	18.37	0.29

Bottom 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Oasis Petroleum	United States	0.05	-	-14.66	-0.01
ORIX	Japan	0.43	0.03	-12.75	-0.08
Delta Air Lines	United States	0.84	0.01	-11.00	-0.15
Ampol	Australia	0.38	0.01	-6.61	-0.05
Vinci	France	0.57	0.09	-6.47	-0.06
Analog Devices	United States	0.72	0.08	-6.34	-0.08
OMV	Austria	0.18	0.01	-5.47	-0.02
Hess	United States	0.79	0.03	-4.96	-0.08
Prudential	United Kingdom	0.89	0.08	-3.71	-0.08
Robert Half International	United States	0.31	0.01	-3.68	-0.03

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	14.57	12.80	1.77	4.36	0.05	-0.01	0.56	0.60
Consumer Discretionary	10.97	12.10	-1.13	3.93	-0.03	-0.04	0.45	0.38
Real Estate	3.42	2.85	0.57	7.65	0.03	0.00	0.21	0.24
Industrials	7.46	9.26	-1.79	2.02	0.00	0.04	0.14	0.18
Energy	2.37	3.30	-0.93	4.02	0.03	0.08	0.05	0.17
Utilities	3.14	3.24	-0.10	5.32	0.01	0.00	0.14	0.16
Consumer Staples	8.41	8.10	0.31	1.04	0.04	0.00	0.04	0.09
Information Technology	23.05	21.10	1.94	0.02	0.08	0.05	-0.10	0.03
Materials	2.54	4.76	-2.22	-5.10	0.04	-0.03	-0.20	-0.19
Financials	14.59	13.05	1.54	-1.07	-0.04	-0.05	-0.12	-0.20
Communication Services	8.93	9.44	-0.51	-2.25	-0.06	0.00	-0.15	-0.21
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.54	-	0.54	-	-0.02	-0.04	-	-0.06

Regional level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Europe and Middle East	20.92	17.11	3.81	2.04	0.12	-0.19	0.44	0.37
Japan	5.75	6.54	-0.79	3.68	-0.01	0.07	0.21	0.27
North America	58.25	60.70	-2.45	0.45	-0.01	-0.05	0.30	0.24
EM Asia	10.48	10.00	0.48	2.28	0.05	0.01	0.19	0.24
EM Latin America	0.98	1.03	-0.05	7.19	0.00	0.00	0.06	0.06
Pacific Free ex Japan	2.45	3.11	-0.66	0.79	-0.02	0.03	0.03	0.04
EM EMEA	0.64	1.51	-0.88	-0.96	0.06	0.01	-0.06	0.01
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.54	-	0.54	-	-0.02	-0.04	-	-0.06

Country level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Taiwan	2.74	1.63	1.11	10.20	-0.01	0.10	0.24	0.33
Switzerland	5.66	2.81	2.85	5.84	0.08	-0.11	0.32	0.28
Japan	5.75	6.54	-0.79	3.68	-0.01	0.07	0.21	0.27
United States	58.25	57.93	0.32	0.45	0.00	0.00	0.26	0.26
Spain	2.05	0.64	1.41	15.01	0.05	-0.12	0.28	0.21
France	1.28	2.92	-1.65	4.14	-0.07	0.11	0.05	0.09
Australia	1.30	1.84	-0.54	5.20	-0.02	0.02	0.06	0.07
Brazil	0.98	0.68	0.30	4.10	0.01	0.01	0.04	0.06
Finland	1.98	0.28	1.70	0.79	0.06	-0.03	0.02	0.04
United Kingdom	1.74	3.73	-1.99	-2.00	-0.10	0.17	-0.04	0.04
Germany	0.52	2.54	-2.02	4.39	-0.08	0.09	0.02	0.03
Denmark	1.83	0.67	1.16	-1.13	0.05	0.00	-0.02	0.02
Thailand	-	0.25	-0.25	-	0.01	0.02	-	0.02
Singapore	-	0.29	-0.29	-	0.00	0.02	-	0.01
Saudi Arabia	-	0.31	-0.31	-	0.00	0.01	-	0.01
Russia	-	0.37	-0.37	-	0.02	-0.01	-	0.01
Philippines	-	0.09	-0.09	-	0.00	0.01	-	0.01
Turkey	-	0.05	-0.05	-	0.00	0.01	-	0.01
Mexico	-	0.21	-0.21	-	-0.01	0.01	-	0.00
United Arab Emirates	-	0.06	-0.06	-	0.00	0.00	-	0.00
Qatar	-	0.10	-0.10	-	0.00	0.00	-	0.00
Portugal	-	0.05	-0.05	-	0.00	0.00	-	0.00
Egypt	-	0.01	-0.01	-	0.00	0.00	-	0.00
Czech Republic	-	0.01	-0.01	-	0.00	0.00	-	0.00
Peru	-	0.03	-0.03	-	0.00	0.00	-	0.00
Belgium	-	0.25	-0.25	-	-0.01	0.01	-	0.00
Colombia	-	0.02	-0.02	-	0.00	0.00	-	0.00
Pakistan	-	0.00	0.00	-	0.00	0.00	-	0.00
New Zealand	-	0.09	-0.09	-	0.00	0.00	-	0.00
Greece	-	0.02	-0.02	-	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
Israel	-	0.18	-0.18	-	0.00	0.00	-	0.00
South Africa	-	0.46	-0.46	-	0.00	0.00	-	0.00
Chile	-	0.07	-0.07	-	-0.01	0.00	-	0.00
India	0.46	1.02	-0.56	5.00	0.00	-0.03	0.02	0.00
Ireland	-	0.18	-0.18	-	-0.01	0.00	-	-0.01
Malaysia	-	0.22	-0.22	-	0.00	-0.01	-	-0.01
Norway	0.27	0.15	0.12	-4.95	0.01	0.00	-0.01	-0.01
Austria	0.18	0.04	0.13	-4.51	0.01	-0.01	-0.01	-0.02
Canada	-	2.77	-2.77	-	-0.01	-0.01	-	-0.02
Hungary	0.64	0.03	0.61	-1.85	0.04	-0.05	-0.01	-0.02
China	4.75	5.16	-0.40	-0.19	0.06	-0.02	-0.07	-0.02
Italy	0.66	0.62	0.04	-4.22	0.00	0.00	-0.03	-0.03
Korea	1.85	1.44	0.41	-2.12	0.00	0.01	-0.04	-0.03
Hong Kong	1.15	0.89	0.27	-2.38	0.00	-0.01	-0.03	-0.05
Indonesia	0.67	0.18	0.50	-6.31	-0.02	0.01	-0.05	-0.05
Sweden	2.08	0.88	1.21	-7.07	0.06	-0.01	-0.16	-0.10
Netherlands	2.68	1.18	1.50	-5.73	0.07	-0.07	-0.17	-0.18
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.54	-	0.54	-	-0.02	-0.04	-	-0.06

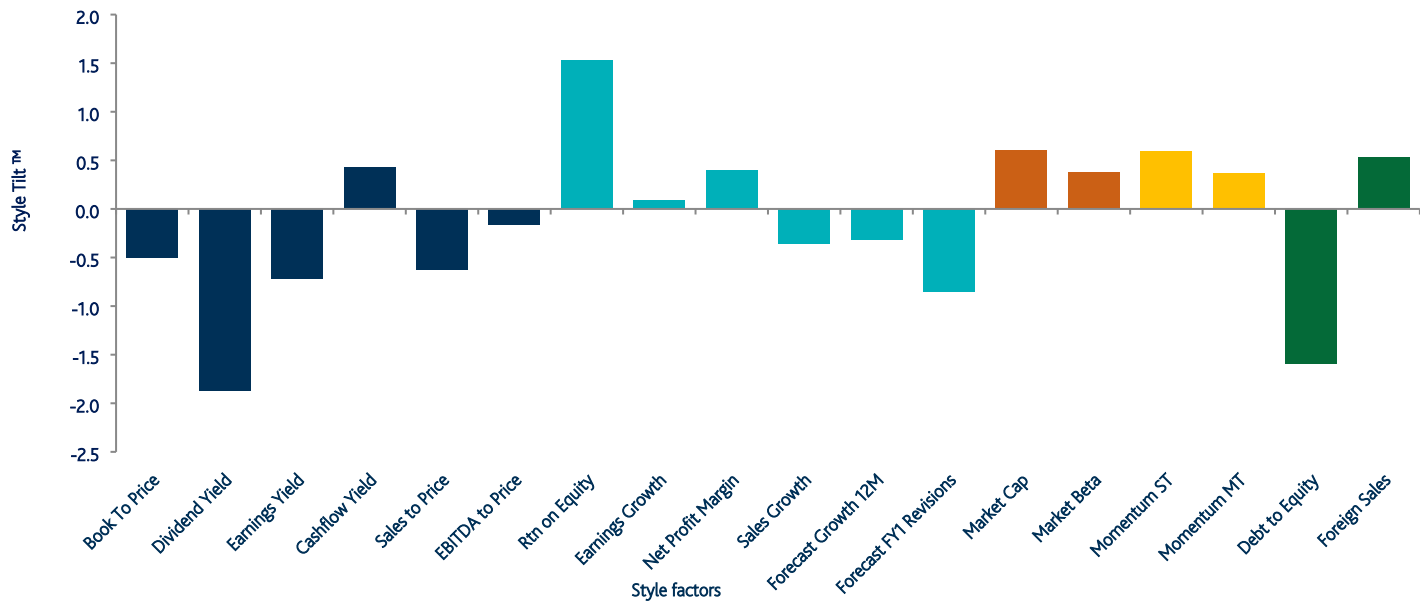
Market capitalisation

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
0 - 1B	0.05	0.02	0.03	-19.38	0.00	0.00	-0.01	-0.01
1 - 5B	4.26	2.65	1.61	6.88	0.02	-0.07	0.27	0.22
5 - 10B	5.88	6.67	-0.79	-0.68	0.07	0.03	-0.12	-0.03
10 - 20B	9.95	11.38	-1.43	1.13	0.00	0.01	0.13	0.14
20B+	79.33	79.29	0.04	1.20	0.03	0.00	0.90	0.93
Unclassified	-	-	-	-	0.00	0.00	-	0.00
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.54	-	0.54	-	-0.02	-0.04	-	-0.06

Fund characteristics

Top 10 concentration (%)*	Active share (%)**	Dividend yield (%)***	Market cap (millions)***	Earnings yield (%)***
25.83	76.76	1.65	290,267.40	5.74

Fund Style Skyline™



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

Risk analysis

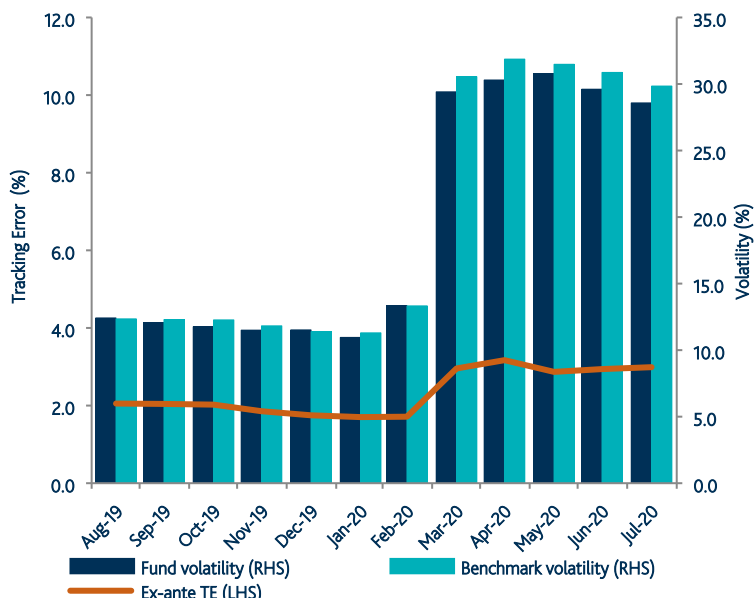
Top 10 contributors to risk (ex-ante)

	Country of incorporation	Tracking error (%)
Lonza Group	Switzerland	10.65
Thermo Fisher Scientific	United States	5.44
Abbott Laboratories	United States	4.50
ASML	Netherlands	3.97
Novo-Nordisk	Denmark	3.96
Roche Holding	Switzerland	3.86
Amgen	United States	3.52
Daifuku	Japan	3.37
Essity	Sweden	3.18
Alibaba Group	China	2.89

Risk attribution

	Tracking error (%)	Fund beta	Fund volatility (%)	Benchmark volatility (%)	Information ratio	Sharpe ratio
Ex-ante	2.99	0.95	28.58	29.85	-	-
Ex-post	2.37	1.02	16.65	16.21	-0.06	0.30

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



Fund statistics

Number of stocks (Fund)	100
Number of stocks (Benchmark)	2986
Upside market capture ratio	102.85
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.

Hermes Client Services ClientServices@hermes-investment.com

Hermes Marketing Marketing@hermes-investment.com

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