

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	USD26.09m
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 to advance in July with the MSCI World Index returning 4.78%. Earnings season is well underway and, so far, there have been few surprises. The big winners have been the Mega Cap technology companies, which have 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, Utilities and Energy contributed the most, offsetting detractions from selection in Information Technology and Materials. From a regional perspective, the largest contributions came from selection in Europe and Japan. There were no meaningful detractors.

Lonza Group, West Pharmaceutical Services and Siemens Gamesa were the largest individual contributors from stocks held. Intel, which is not a Fund holding, was also a significant contributor. Lonza Group increased following positive trial results of Moderna's coronavirus vaccine trial. It also posted better-than-expected earnings, driven by improving margins. West Pharmaceutical reported better-than-expected earnings across all segments and issued positive guidance driven by demand in biologics. Siemens Gamesa reported earnings below expectations, but its order backlog hit a record high and the share price increased based on its perceived future prospects under the new CEO.

The largest detractors from stocks held were ASML, Delta Air Lines and Kao Corp. Tesla and Facebook, which are 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. Kao Corp reported below-consensus results as disappointing cosmetics sales in Japan more than offset growth in China and increased demand for hygiene products.

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 (%)
ASML	Netherlands	1.91	0.34	1.57
Lonza Group	Switzerland	1.50	0.11	1.39
American Tower	United States	1.66	0.26	1.39
Accenture	United States	1.57	0.33	1.24
West Pharmaceutical Services	United States	1.29	0.05	1.24
AstraZeneca	United Kingdom	1.53	0.34	1.20
Barrick Gold	Canada	1.30	0.12	1.18
Microsoft	United States	4.55	3.38	1.17
American Water Works	United States	1.15	0.06	1.09
Zurich Insurance	Switzerland	1.18	0.13	1.05

Top 10 absolute Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Microsoft	United States	4.55	3.38	1.17
Apple	United States	3.81	4.25	-0.44
Amazon	United States	3.54	3.06	0.48
Alphabet	United States	2.00	1.02	0.98
ASML	Netherlands	1.91	0.34	1.57
American Tower	United States	1.66	0.26	1.39
Procter & Gamble	United States	1.62	0.74	0.88
Accenture	United States	1.57	0.33	1.24
AstraZeneca	United Kingdom	1.53	0.34	1.20
Lonza Group	Switzerland	1.50	0.11	1.39

Performance attribution - 1 month

Top 10 contributors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Lonza Group	Switzerland	1.50	0.11	18.40	0.16
Intel	United States	-	0.47	-	0.15
West Pharmaceutical Services	United States	1.29	0.05	18.42	0.14
Siemens Gamesa	Spain	0.64	0.01	32.88	0.13
Pulte	United States	0.71	0.03	28.07	0.12
American Water Works	United States	1.15	0.06	14.46	0.09
Trane Technologies	United States	0.57	0.06	25.72	0.09
GTT	France	0.59	-	21.33	0.08
Lam Research	United States	0.86	0.13	16.53	0.07
Orsted	Denmark	0.52	0.06	24.02	0.07

Top 10 detractors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
ASML	Netherlands	1.91	0.34	-3.48	-0.13
Tesla	United States	-	0.48	-	-0.10
Delta Air Lines	United States	0.54	0.01	-10.98	-0.09
Facebook	United States	-	1.39	-	-0.09
Kao	Japan	0.59	0.08	-8.68	-0.07
AIA	Hong Kong	1.16	0.25	-3.11	-0.07
Hess	United States	0.67	0.03	-5.02	-0.07
Advanced Micro Devices	United States	-	0.21	-	-0.06
Kirby	United States	0.27	-	-13.67	-0.06
Prudential	United Kingdom	0.72	0.09	-3.75	-0.06

Top 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Neles	Finland	0.13	-	49.35	0.05
Siemens Gamesa	Spain	0.64	0.01	32.88	0.13
Pulte	United States	0.71	0.03	28.07	0.12
Trane Technologies	United States	0.57	0.06	25.72	0.09
Orsted	Denmark	0.52	0.06	24.02	0.07
Weyerhaeuser	United States	0.34	0.05	23.82	0.04
GTT	France	0.59	-	21.33	0.08
Goodman	Australia	0.64	0.05	18.60	0.07
West Pharmaceutical Services	United States	1.29	0.05	18.42	0.14
Lonza Group	Switzerland	1.50	0.11	18.40	0.16

Bottom 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Oasis Petroleum	United States	0.08	-	-14.67	-0.02
Kirby	United States	0.27	-	-13.67	-0.06
ORIX	Japan	0.30	0.03	-12.75	-0.05
Yokohama Rubber	Japan	0.12	0.00	-11.24	-0.02
Delta Air Lines	United States	0.54	0.01	-10.98	-0.09
Marathon Oil	United States	0.20	-	-10.29	-0.03
Kao	Japan	0.59	0.08	-8.68	-0.07
Inpex	Japan	0.19	0.01	-8.17	-0.02
Mitsubishi Chemical	Japan	0.25	0.02	-7.98	-0.03
Fast Retailing	Japan	0.20	0.07	-7.31	-0.02

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	13.95	14.02	-0.07	3.50	0.08	0.00	0.40	0.48
Utilities	3.87	3.39	0.48	4.47	-0.01	0.01	0.18	0.17
Energy	2.98	2.95	0.02	4.87	0.00	0.01	0.14	0.15
Industrials	9.39	9.94	-0.55	1.37	0.02	0.01	0.10	0.14
Real Estate	3.60	2.91	0.70	3.09	0.02	-0.01	0.09	0.10
Consumer Discretionary	10.76	11.25	-0.49	0.42	-0.05	-0.01	0.10	0.03
Consumer Staples	10.00	8.35	1.65	-0.08	-0.02	0.00	0.02	0.01
Information Technology	20.00	21.50	-1.50	-0.59	0.11	-0.03	-0.22	-0.13
Communication Services	6.88	8.92	-2.04	-1.67	-0.02	-0.04	-0.08	-0.14
Materials	4.76	4.44	0.32	-3.39	0.00	0.00	-0.16	-0.16
Financials	13.07	12.33	0.74	-1.04	-0.05	-0.02	-0.08	-0.16
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.75	-	0.75	-	-0.01	0.00	-	-0.01

Regional level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Europe and Middle East	21.50	19.56	1.93	2.05	0.06	-0.09	0.45	0.42
Japan	7.30	7.47	-0.17	1.68	0.00	0.01	0.13	0.14
Pacific ex Japan	3.95	3.56	0.40	-0.49	-0.02	-0.02	0.01	-0.03
North America	66.50	69.41	-2.91	-0.03	0.03	-0.07	-0.02	-0.05
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.75	-	0.75	-	-0.01	0.00	-	-0.01

Country level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Switzerland	5.12	3.21	1.91	4.23	0.05	-0.06	0.21	0.20
Spain	1.76	0.73	1.03	13.75	0.04	-0.08	0.22	0.18
Japan	7.30	7.47	-0.17	1.68	0.00	0.01	0.13	0.14
Finland	1.75	0.32	1.43	4.92	0.05	-0.02	0.08	0.11
United Kingdom	3.77	4.27	-0.49	1.88	-0.02	0.03	0.07	0.09
France	1.54	3.34	-1.80	2.19	-0.07	0.10	0.03	0.07
Australia	1.61	2.11	-0.49	4.28	-0.01	0.02	0.07	0.07
Denmark	1.28	0.76	0.51	0.82	0.02	0.00	0.01	0.03
Germany	1.32	2.90	-1.58	1.60	-0.06	0.06	0.02	0.02
Austria	-	0.05	-0.05	-	0.00	0.00	-	0.00
Portugal	-	0.05	-0.05	-	0.00	0.00	-	0.00
New Zealand	-	0.10	-0.10	-	0.00	0.00	-	0.00
Belgium	-	0.29	-0.29	-	-0.01	0.01	-	0.00
Israel	-	0.20	-0.20	-	0.00	0.00	-	0.00
Canada	2.63	3.17	-0.54	-0.20	0.00	0.00	-0.01	-0.01
Italy	0.37	0.71	-0.34	-4.26	-0.01	0.02	-0.02	-0.01
Singapore	0.67	0.33	0.34	0.28	0.00	-0.02	0.00	-0.02
Ireland	0.22	0.21	0.01	-7.40	0.00	0.00	-0.02	-0.02
Sweden	1.03	1.00	0.03	-3.08	0.00	0.00	-0.03	-0.03
United States	63.87	66.24	-2.37	-0.02	0.03	-0.06	-0.02	-0.04
Norway	0.57	0.17	0.40	-10.46	0.02	0.00	-0.07	-0.05
Hong Kong	1.67	1.02	0.65	-2.47	-0.01	-0.03	-0.04	-0.08
Netherlands	2.78	1.35	1.43	-5.36	0.06	-0.06	-0.16	-0.16
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.75	-	0.75	-	-0.01	0.00	-	-0.01

All data end weight as at 31 July 2020. All figures shown in USD on a gross basis. Source: Northern Trust.

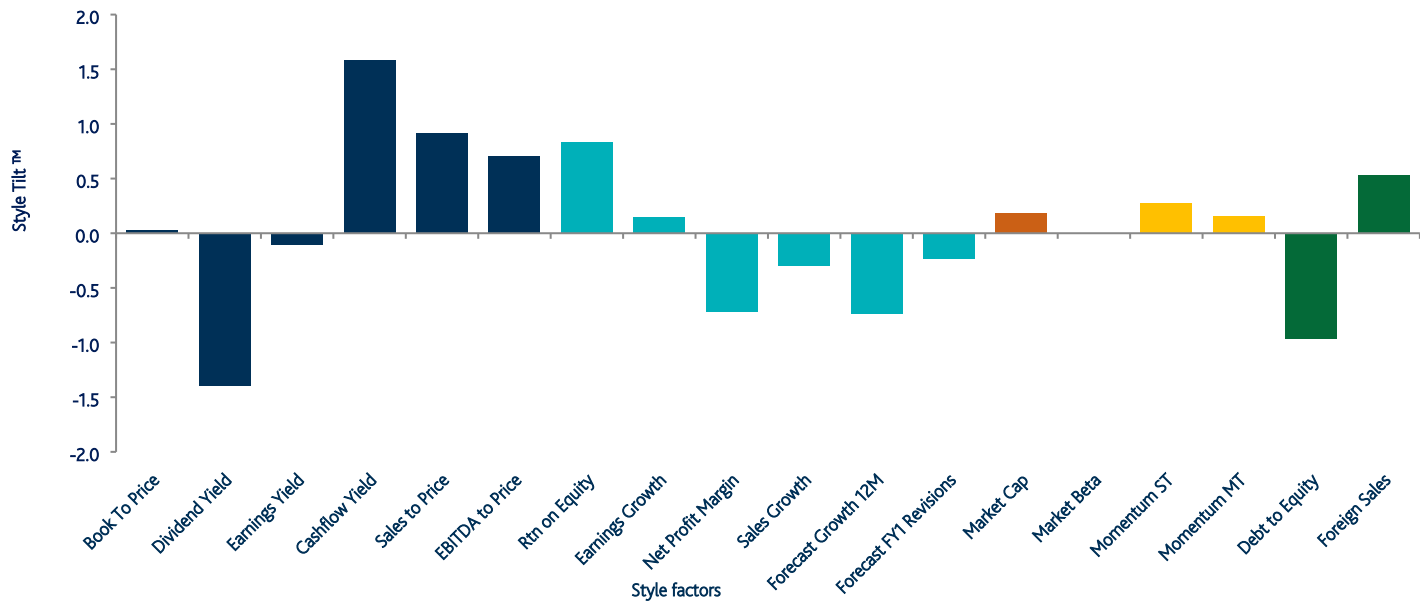
Market capitalisation

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
0 - 2B	0.78	0.01	0.77	-	0.01	-0.15	0.05	-0.08
2 - 5B	4.76	1.29	3.47	6.68	0.04	-0.35	0.31	0.00
5 - 10B	4.57	5.76	-1.19	1.17	-0.02	0.05	0.06	0.09
10 - 50B	29.71	32.48	-2.77	1.09	-0.06	0.03	0.38	0.34
50 - 150B	26.38	26.64	-0.26	0.20	0.02	0.01	0.03	0.06
150B+	33.06	33.82	-0.76	0.22	0.08	0.00	0.00	0.08
Unclassified	-	-	-	-	-	-	-	-
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	0.75	-	0.75	-	-0.01	0.00	-	-0.01

Fund characteristics

Top 10 concentration (%)*	Active share (%)**	Dividend yield (%)***	Market cap (millions)***	Earnings yield (%)***
23.69	69.85	1.81	287,656.80	5.98

Fund Style Skyline™



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

Risk analysis

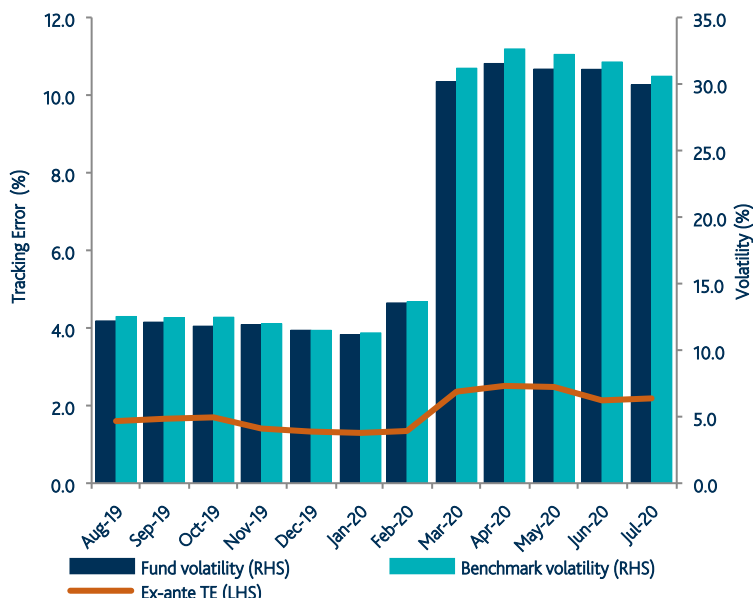
Top 10 contributors to risk (ex-ante)

	Country of incorporation	Tracking error (%)
Barrick Gold	Canada	6.56
Lonza Group	Switzerland	5.26
AstraZeneca	United Kingdom	4.42
ASML	Netherlands	3.61
West Pharmaceutical Services	United States	3.47
General Mills	United States	3.13
Daifuku	Japan	2.98
Tesla	United States	2.95
Procter & Gamble	United States	2.79
Lion	Japan	2.76

Risk attribution

	Tracking error (%)	Fund beta	Fund volatility (%)	Benchmark volatility (%)	Information ratio	Sharpe ratio
Ex-ante	2.19	0.98	29.94	30.59	-	-
Ex-post	1.95	1.00	16.31	16.18	0.13	0.36

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



Fund statistics

Number of stocks (Fund)	142
Number of stocks (Benchmark)	1601
Upside market capture ratio	103.43
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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