

# STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND

## OUR FOUR FUNDAMENTAL QUALITY PILLARS - IDENTIFYING GLOBAL BEST OF BREED BUSINESSES



**SUSTAINABLE  
ORGANIC GROWTH**



**QUALITY  
MANAGEMENT**



**EFFICIENCY**



**FREE CASH FLOW  
GENERATION**

**4 YEAR  
TOP DECILE  
PERFORMANCE**  
OF GLOBAL EQUITY FUNDS  
Lipper Global Equity Universe  
as at 16 Aug 2017



**MORNINGSTAR**  
★★★★★

### INVESTMENT OBJECTIVE

To achieve long-term growth in capital and income in a focused portfolio of high quality listed businesses from around the world.

### INVESTMENT PHILOSOPHY

We invest in best of breed businesses for their quality, strategic competitive edge and value.

### PERFORMANCE DISCLOSURE

Past performance is not a guide to future performance. The value of investments can fall. Investors may not get back the amount invested. Income from investments may vary and is not guaranteed. The return may increase or decrease due to currency fluctuations. Performance figures are net of fees and charges. The Fund may hold a relatively small number of stocks as compared to many other funds. This may make the Fund's performance more volatile than would be the case if it had a more diversified investment portfolio. For a full list of risks applicable to this fund, please refer to the Prospectus.

### FUND COMMENTARY

The US reporting season is in full swing. Almost half of the S&P 500 index constituents have already reported. Since we invest for long term sustainable growth in outstanding businesses, we do not 'live from one reporting season to the next' in our decision making. It is, though, valuable to understand the macro earnings backdrop because of its influence on overall investor sentiment.

The S&P 500 earnings in aggregate are currently 36% higher than their peak level before the credit crisis (186% higher than their trough level during the credit crisis, \$ terms). This implies a +3.0% p.a. compounded growth rate since the peak, probably lower than many investor perceptions (+13.8% p.a. since the trough). Earnings growth stagnated from the beginning of 2015 as the Dollar strengthened and economic growth tempered, and only started growing again from the middle of last year.

The outlook for US company earnings (twelve month forward expectations) improved materially through 2017 and ended at +13.2% (current actual earnings growth has accelerated to +11.4%). This constructive development results mainly from a weaker Dollar and an improving economic landscape. The current synchronised global economic growth, good recovery in industrial production in most economic regions and growth in world trade clearly support company earnings growth not only in the US, but in most parts of the world.

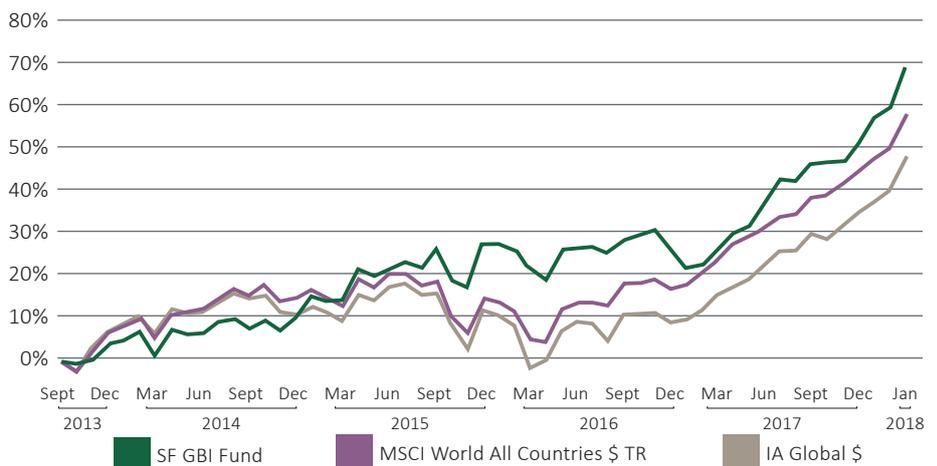
The above numbers do not reflect the benefits of the US tax reforms which are only now starting to reflect in consensus analyst earnings expectations. During the course of January the aforementioned +13.2% growth has already increased to an expectation of +19.0%. Should this growth materialise, it may be of the best growth figures this century (apart from the recoveries in 2010/11 after the credit crisis earnings slump).

Expectations on this front are clearly high. The current reporting season is delivering well (actual earnings growth of +14.7%, +4.2% better than consensus expectations).

### INVESTMENT STRATEGY

- Invest for sustainable growth
- Fundamental research driven
- Particular focus on quality of management, balance sheet strength, return on invested capital, free cash flow, ability to grow dividends each year
- Bottom-up approach to identify exceptional businesses
- Global orientation, with emerging market exposure
- High conviction concentrated portfolio
- Predominantly larger capitalisation businesses, also consider exceptional medium-sized ones
- Buy to hold and disciplined selling
- No benchmark orientation, no active trading, no leverage, no hedging

### CUMULATIVE PERFORMANCE (CLASS B USD)



Inception Date: 16 August 2013

### CLASS B USD CUMULATIVE PERFORMANCE %

	1m	3m	6m	YTD	Since Inception
Stonehage Fleming Global Best Ideas Equity	5.9	11.3	15.4	5.9	69.3
MSCI World All Countries \$ TR	5.6	9.4	14.3	5.6	58.3
IA Global \$	5.8	9.4	13.9	5.8	51.4

### CLASS B USD PERIODIC PERFORMANCE %

	12 months to	31/01/18	31/01/17	31/01/16	31/01/15
Stonehage Fleming Global Best Ideas Equity		34.2	3.5	6.3	12.8
MSCI World All Countries \$ TR		27.5	17.9	-6.8	6.8
IA Global \$		28.0	17.3	-10.0	2.9

Source for all performance is Link, Bloomberg, Financial Express and Stonehage Fleming Equity Management as at 31/01/2018. Third parties (including Bloomberg and Financial Express) whose data may be included in this document do not accept any liability for errors or omissions.

### FUND RATINGS






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# STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND

SECTOR BREAKDOWN	% of Fund
Technology	30.2
Consumer Staples	23.7
Consumer Discretionary	18.4
Health Care	15.4
Industrials	5.6
Financials	4.5
Materials	1.6
Cash	0.5
<b>Total</b>	<b>100.0</b>

Source: Link Fund Administrators (Ireland) Limited and Stonehage Fleming Investment Management Limited.

FUND MANAGER	
	<p><b>CITYWIRE</b> / <b>A</b></p> <p><b>Gerrit Smit</b></p> <p>Gerrit Smit* is Head of the Equity Management team. He has overall responsibility for its Portfolio Management and Equity Research functions. The team invests for sustainable growth with a particular focus on quality of management, balance sheet strength, cash flow generation and the ability to grow dividends each year.</p> <p>*Gerrit Smit is A rated by Citywire for his rolling 3 year risk-adjusted performance, for the period 31/01/2015 – 31/01/2018.</p>

REGIONAL BREAKDOWN	% of Fund
United States	61.5
Continental Europe	18.5
Asia Pacific	11.9
UK	7.6
Cash	0.5
<b>Total</b>	<b>100.0</b>

PORTFOLIO CHARACTERISTICS	
Average Market Cap (Billions USD)	151.3
Number of Holdings	25
Operating Margin	24.5%
Return on Invested Capital	17.0%
Net Debt/EBITDA <sup>1</sup>	0.8
Expected 3 Year EPS <sup>2</sup> Growth (p.a.)	15.0%
Expected 3 Year DPS <sup>3</sup> Growth (p.a.)	10.5%
Dividend Yield <sup>4,5</sup>	1.6%
Price/Earnings Ratio <sup>5</sup>	25.0
Free Cash Flow Yield <sup>5</sup>	4.1%
PEG Ratio <sup>6,7</sup>	2.3

<sup>1</sup>Earnings Before Interest, Taxes, Depreciation and Amortisation. <sup>2</sup>Earnings Per Share. <sup>3</sup>Dividend Per Share. <sup>4</sup>Of underlying holdings, and stated gross of withholding taxes and costs. <sup>5</sup>Estimated 12 months forward. <sup>6</sup>Price/Earnings to Growth Ratio. <sup>7</sup>Applying Trailing P/E Ratio. Source: Stonehage Fleming Investment Management Limited, Bloomberg.

TOP TEN HOLDINGS	% of Fund
Tencent	7.4
Visa	6.3
Alphabet	6.1
Becton Dickinson	5.5
Accenture	5.5
Estée Lauder	5.1
PayPal	5.0
Fresenius SE	5.0
Zoetis	4.9
AIA	4.5
<b>Total</b>	<b>55.2</b>

ESTIMATED REGIONAL REVENUES <sup>8</sup> % of Fund	
North America	38.0
Emerging Markets	37.7
Continental Europe	20.6
UK	3.8
<b>Total</b>	<b>100.0</b>

<sup>8</sup> Source: Based on where underlying companies in the Stonehage Fleming Global Best Ideas Equity Fund derive their revenues. Source: Bloomberg; Stonehage Fleming Investment Management Limited; Link Fund Administrators (Ireland) Limited. Due to rounding, values may not add up to 100%.

FUND INFORMATION	
Total Net Assets	\$832.0m
Comparative Index	MSCI World All Countries \$ TR
Lipper Sector	Lipper Global Equity Global
Fund Type	UCITS
Fund Domicile	Ireland
Base Currency	USD
Currencies Available	GBP, USD, EUR, CHF
Inception Date	16 Aug 2013
Number of Holdings	20-30 stocks
Income Paid	N/A
Type of Payment	N/A
Ex Dividends	N/A
Payment Date	N/A
Pricing	Daily by 11pm (IRE)
Dealing	Daily by 12pm (IRE)

FUND CHARACTERISTICS	
Active Share <sup>9</sup>	94.0%
Ex Post Tracking Error	4.6%
12 Month Turnover	3.5%
BETA	0.84

<sup>9</sup> Active Share measures how much the portfolio holdings differ from the benchmark index (MSCI World) i.e. a portfolio that is identical to the benchmark would have 0% active share.

USD B (ACCUMULATION) SHARE CLASS DETAILS	
Price	\$169.25
ISIN	IE00BCLYMC02
Synthetic Risk & Reward Indicator (SRRI) rating	5
Inception date	16 Aug 2013
Annual Management fee	0.75%
Total ongoing charge (OCF)	0.89%
Min initial investment (USD)	5,000,000
Registered for sale	GB, CH, SA

The OCF is the Management Fee plus additional fund expenses as a percentage of the assets of the fund. This gives an indication of annual expenses. This figure may vary over time. It excludes portfolio transaction cost.

## IMPORTANT INFORMATION

The Fund is a sub-fund of the Stonehage Fleming Pooled Investments (Ireland) pic (the "Company"), and open-ended umbrella investment company with variable capital and segregated liability between Funds incorporated with limited liability in Ireland under the Companies Acts 1963 with registration number 525228. It qualifies and is authorised in Ireland by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities ("UCITS").

The company is recognised as a section 264 scheme by the Financial Conduct Authority in the United Kingdom. The Company is also an approved Foreign Collective Investment Scheme in South Africa where it is registered with the Financial Services Board ("FSB"). Link Fund Administrators (Ireland) Limited has been appointed as the manager (the "Manager") of the Company and Stonehage Fleming Investment Management Limited has been appointed as the investment manager (the "Investment Manager") of the Company.

The latest version of the Prospectus and the Key Investor Information documents are available in English and can be obtained by contacting the administrator at [dublinta@linkgroup.ie](mailto:dublinta@linkgroup.ie). This document is issued by Stonehage Fleming Investment Management Limited which is authorised and regulated by the Financial Conduct Authority and registered with the Financial Services Board (South Africa) as a Financial Services Provider (FSP) under the Financial Advisory and Intermediary Services Act. No 37 of 2002 (FSP No: 46194). The registered office is 15 Suffolk Street, London, SW1Y 4HG. Registered in England No. OC4027720.

Swiss Investors: the place of performance and jurisdiction, along with the place where the prospectus, memorandum and articles of association, key investor information documents and the annual and semi-annual reports of the Fund can be obtained free of charge, is the registered office of the Fund's Swiss

Representative - ARM Swiss Representatives SA, Route de Cité-Quest 2, 1196 Gland, Switzerland. Swiss Paying Agent : Banque Heritage SA, 61, Route de Chêne, Case Postale 6600, CH-1211 Geneve 6, Switzerland. Private Capital Fund: 'Swiss investors: the representative in Switzerland is ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The PPM, Supplemental PPMs, Articles and reports and accounts for the Fund and Cells can be obtained free of charge from the representative in Switzerland. The place of performance and jurisdiction is the registered office of the representative in Switzerland with regards to the Participating Shares distributed in and from Switzerland. The paying agent in Switzerland is Banque Heritage SA, 61, Route de Chêne, Case Postale 6600, CH-1211 Geneve 6, Switzerland.