

# 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**

**SINCE INCEPTION  
TOP DECILE  
PERFORMANCE**  
OF GLOBAL EQUITY FUNDS  
Lipper Global Equity Universe  
as at 28 Feb 2018



**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 past quarter was the first negative one for the MSCI World (AC TR) index since the third quarter of 2015. This is also true for the S&P 500 and Dow indices. Although it was only a moderately negative quarter (-1.0% for the World index), investors may wonder whether it may be indicative of the immediate outlook and whether the equity asset class is now out of favour for longer term investing.

The first point to make is that the stretch of nine positive quarters in succession we just had is the longest this century, and therefore the sacrifice of only -1.0% in return is a small price to pay for such an outstanding record. An analysis of the periods since 1980 (a stretch of over 35 years) when there were successive negative quarters for the World index delivers interesting results. There were only four such periods – starting in the years 1981, 1983, 2000 and 2007. A further analysis of those periods can hopefully shed some light on the current risk for further disappointments.

Three of the above periods (1981, 2000 and 2007) were followed shortly afterwards by US recessions, which of course, caused the equity bear markets. In this context, the main question investors therefore face is the level of risk for an imminent US recession. In considering this risk, we are predominantly guided by trusted leading economic indicators. They do not currently offer such signals.

Whilst the 1983 period experienced good economic growth, it was saddled with double digit interest rates following an era of high inflation. Equity valuations were relatively high then compared to interest rates, with the S&P 500 earnings yield around 3% lower than the ten-year treasury yield. Against this, this spread is currently 2% in favour of equities, cheaper than its long-term average of 0%. Furthermore, this spread also does not yet reflect the double-digit earnings growth expected for this year.

### 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 C GBP)



Inception Date: 16 August 2013

### CLASS C GBP CUMULATIVE PERFORMANCE %

|  | 1m   | 3m   | 6m   | YTD  | Since Inception |
|--|------|------|------|------|-----------------|
| Stonehage Fleming Global Best Ideas Equity | -3.1 | -4.3 | 2.9  | -4.3 | 72.6            |
| MSCI World All Countries £ TR              | -3.9 | -4.6 | -0.1 | -4.6 | 65.2            |
| IA Global £                                | -4.3 | -5.0 | -0.4 | -5.0 | 55.4            |

### CLASS C GBP PERIODIC PERFORMANCE %

| 12 months to                               | 31/03/18 | 31/03/17 | 31/03/16 | 31/03/15 |
|--|----------|----------|----------|----------|
| Stonehage Fleming Global Best Ideas Equity | 6.9      | 19.2     | 7.9      | 26.5     |
| MSCI World All Countries £ TR              | 2.6      | 32.0     | -1.4     | 18.5     |
| IA Global £                                | 2.7      | 28.6     | -3.4     | 15.3     |

Source for all performance is Link, Bloomberg, Financial Express, MSCI and Stonehage Fleming Equity Management as at 31/03/2018. 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



**MORNINGSTAR**  
★★★★★



**FE CROWN FUND RATING**  
★★★★★



**PAM AWARDS**  
Private Asset Manager AWARDS  
WINNER



**VWA WINNER**

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# STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND

| SECTOR BREAKDOWN       | % of Fund    |
|------------------------|--------------|
| Technology             | 28.9         |
| Consumer Staples       | 25.2         |
| Consumer Discretionary | 19.7         |
| Health Care            | 14.7         |
| Industrials            | 4.7          |
| Financials             | 4.8          |
| Materials              | 1.5          |
| 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> +</p> <p><b>Gerrit Smit</b><br/>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 + rated by Citywire for his rolling 3 year risk-adjusted performance, for the period 31/03/2015 – 31/03/2018.</p> |

| REGIONAL BREAKDOWN | % of Fund    |
|--------------------|--------------|
| United States      | 61.9         |
| Continental Europe | 18.5         |
| Asia Pacific       | 11.6         |
| UK                 | 7.5          |
| Cash               | 0.5          |
| <b>Total</b>       | <b>100.0</b> |

| PORTFOLIO CHARACTERISTICS                      |       |
|--|-------|
| Average Market Cap (Billions GBP)              | 99.9  |
| Number of Holdings                             | 25    |
| Operating Margin                               | 24.5% |
| Return on Invested Capital                     | 16.1% |
| Net Debt/EBITDA <sup>1</sup>                   | 0.9   |
| Expected 3 Year EPS <sup>2</sup> Growth (p.a.) | 12.7% |
| Expected 3 Year DPS <sup>3</sup> Growth (p.a.) | 10.5% |
| Dividend Yield (gross) <sup>4,5</sup>          | 1.7%  |
| Price/Earnings Ratio <sup>5</sup>              | 22.5  |
| Free Cash Flow Yield <sup>5</sup>              | 4.5%  |
| PEG Ratio <sup>6,7</sup>                       | 2.1   |

<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          | 6.8         |
| Visa             | 6.4         |
| Estée Lauder     | 5.9         |
| Alphabet         | 5.6         |
| Zoetis           | 5.5         |
| Accenture        | 5.5         |
| AIA              | 4.8         |
| Becton Dickinson | 4.7         |
| PayPal           | 4.6         |
| Fresenius SE     | 4.5         |
| <b>Total</b>     | <b>54.3</b> |

| ESTIMATED REGIONAL REVENUES <sup>8</sup> % of Fund |              |
|--|--------------|
| North America                                      | 38.0         |
| Emerging Markets                                   | 37.8         |
| Continental Europe                                 | 20.4         |
| 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     | £567.2m                       |
| 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          | Annually                      |
| Type of Payment      | Dividend                      |
| Ex Dividends         | 2 Jan 2018                    |
| Payment Date         | 16 Jan 2018                   |
| Pricing              | Daily by 11pm (IRE)           |
| Dealing              | Daily by 12pm (IRE)           |

| FUND CHARACTERISTICS      |       |
|---------------------------|-------|
| Active Share <sup>9</sup> | 94.1% |
| Ex Post Tracking Error    | 4.6%  |
| 12 Month Turnover         | 2.8%  |
| BETA                      | 0.87  |

<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.

| GBP C (INCOME) SHARE CLASS DETAILS              |              |
|---|--------------|
| Price   | £172.18      |
| ISIN  | IE00BCLYMD19 |
| Synthetic Risk & Reward Indicator (SRRI) rating | 5            |
| Inception date                                  | 16 Aug 2013  |
| Annual Management fee                           | 1.25%        |
| Total ongoing charge (OCF)                      | 1.39%        |
| Min initial investment (GBP)                    | 35,000       |
| 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 costs.

## 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 Act 2014 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.