

# STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND

OUR FOUR  
FUNDAMENTAL  
QUALITY PILLARS -  
IDENTIFYING  
GLOBAL BEST IN  
CLASS BUSINESSES



## 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 in class businesses for their quality, strategic competitive edge and value.

## FUND COMMENTARY

Stock market performance in November has, quite ironically, largely been driven by the cooling US economy, and therefore by perceptions of US interest rates that have peaked. The month was a good example of optically negative news having a positive effect on capital markets.

New US employment numbers at 150,000 were lower than previous months', the unemployment rate at 3.9% has now clearly turned "the corner" upwards and both the Conference Board's Services and Manufacturing indices dropped. These indications of a cooling economy put a clear dampener on interest rates, with a strongly building perception that the Federal Reserve' (Fed)'s tightening task for this cycle may well be complete and that their earlier threat of another target rate hike before the end of the year may well remain to be just that. This view is supported by US headline inflation dropping to 3.2%, with the cost of rent of accommodation remaining almost the only sticky part – and itself also dropping. The fact that US Treasuries have dropped from 5.0% in October to 4.3%<sup>1</sup> is a clear indication that interest rate fears are in process of abating and thus supporting capital markets.

It is important to stress the point that, in contrast to other cycles, the aggressive Fed tightening has this time not had a material impact on the US economy whilst they have built material reserves for late next year should they then need to stimulate the economy.

The reporting season has generally delivered marginally better results than consensus expectations. We have earlier made some portfolio adjustments due to the impact of the GLP-1 drug issues by lowering our Staples and increasing our Health Care exposures.

The best contributors to performance over the month were Microsoft, Cadence Design Systems and S&P Global, with Becton Dickinson the only negative contributor.

<sup>1</sup> Source: Bloomberg

*Opinions expressed represent the view of SFIM at the time of preparation. They are subject to change and should not be interpreted as investment advice.*

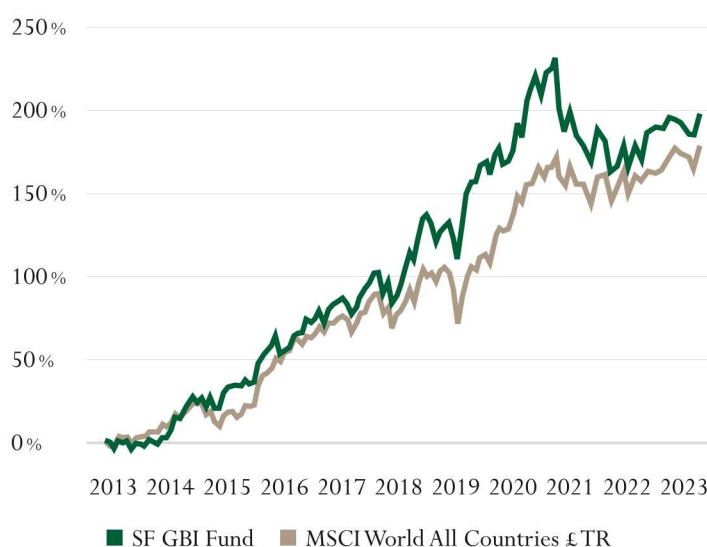
## RISK DISCLOSURE

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.

## 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<sup>1</sup> (CLASS C GBP)



## CLASS C GBP CUMULATIVE PERFORMANCE %

|               | 1m  | YTD  | 1yr | 3yr  | 5yr  | 10yr  | Since inception |
|---------------|-----|------|-----|------|------|-------|-----------------|
| SF GBI Equity | 4.4 | 12.6 | 7.4 | 12.7 | 57.1 | 200.0 | 199.9           |
| Annualised    | -   | -    | -   | 4.1  | 9.5  | 11.6  | 11.3            |
| MSCI AC £ TR  | 5.1 | 11.8 | 6.0 | 24.9 | 56.0 | 169.8 | 179.0           |
| Annualised    | -   | -    | -   | 7.7  | 9.3  | 10.4  | 10.5            |

## CLASS C GBP PERIODIC PERFORMANCE %

|               | 2022  | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------|-------|------|------|------|------|------|
| SF GBI Equity | -18.5 | 20.1 | 21.9 | 25.0 | -1.1 | 18.1 |
| MSCI AC £ TR  | -8.7  | 19.6 | 13.0 | 21.7 | -3.9 | 13.2 |

<sup>1</sup> Performance prior to 23 August 2013 is simulated using the performance of the D share class. Fund Inception Date: 16 August 2013. Source for all performance is Northern Trust, Bloomberg, MSCI and Stonehage Fleming Investment Management Limited as at 30/11/2023. Third parties (including Bloomberg) whose data may be included in this document do not accept any liability for errors or omissions.

# STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND

## TOP TEN HOLDINGS (% OF FUND)

|                  |             |
|------------------|-------------|
| Microsoft        | 7.3         |
| Alphabet         | 6.8         |
| Cadence          | 5.4         |
| Accenture        | 4.8         |
| Amazon           | 4.4         |
| Zoetis           | 4.0         |
| S&P Global       | 4.0         |
| EssilorLuxottica | 3.9         |
| Visa             | 3.9         |
| L'Oreal          | 3.7         |
| <b>TOTAL</b>     | <b>48.1</b> |

## SECTOR BREAKDOWN (% OF FUND)

|               |              |
|---------------|--------------|
| Technology    | 26.9         |
| Health Care   | 20.9         |
| Financials    | 13.1         |
| Discretionary | 12.0         |
| Staples       | 8.1          |
| Communication | 6.8          |
| Industrials   | 3.5          |
| Materials     | 3.5          |
| Cash          | 5.2          |
| <b>TOTAL</b>  | <b>100.0</b> |

## PORTFOLIO MANAGER



### GERRIT SMIT

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.

## REGIONAL BREAKDOWN (% OF FUND)

|                    |              |
|--------------------|--------------|
| United States      | 72.8         |
| Continental Europe | 18.8         |
| Asia Pacific       | 3.2          |
| Cash               | 5.2          |
| <b>TOTAL</b>       | <b>100.0</b> |

## ESTIMATED REGIONAL REVENUES<sup>8</sup> (% OF FUND)

|                    |              |
|--------------------|--------------|
| North America      | 49.1         |
| Emerging Markets   | 22.4         |
| Continental Europe | 21.7         |
| Japan              | 2.8          |
| Other              | 4.0          |
| <b>TOTAL</b>       | <b>100.0</b> |

## PORTFOLIO CHARACTERISTICS

|                                                 |       |
|-------------------------------------------------|-------|
| Average Market Cap (Billions GBP)               | 300.2 |
| Number of Holdings                              | 29    |
| Operating Margin                                | 30.3% |
| Return on Invested Capital                      | 20.0% |
| Net Debt/EBITDA <sup>1</sup>                    | 0.5   |
| Expected 3 Year Revenue Growth (p.a.)*          | 9.3%  |
| Expected 3 Year EPS <sup>2</sup> Growth (p.a.)* | 13.6% |
| Expected 3 Year DPS <sup>3</sup> Growth (p.a.)* | 9.0%  |
| Dividend Yield (Gross) <sup>4,5</sup>           | 1.0%  |
| Price/Earnings Ratio <sup>5</sup>               | 28.6  |
| Free Cash Flow Yield <sup>5</sup>               | 3.6%  |
| PEG Ratio <sup>6,7</sup>                        | 2.8   |

## FUND RATINGS<sup>1</sup>



## SECTOR BREAKDOWN

Source: Northern Trust International Fund Administration Services (Ireland) Limited and Stonehage Fleming Investment Management Limited.

## PORTFOLIO CHARACTERISTICS

\* Such forecasts are not a reliable indicator of future performance.

<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> Weighted portfolio Trailing P/E Ratio and EPS projections applied.

Source: Stonehage Fleming Investment Management Limited, Bloomberg.

## ESTIMATED REGIONAL REVENUES

<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; Northern Trust International Fund Administration Services (Ireland) Limited. Due to rounding, values may not add up to 100%.

## FUND RATINGS

Source & Copyright. Morningstar and Morning star OBSR ratings © 2023 Morningstar. All Rights Reserved. Ratings are collected on the first business day of the month. Morningstar Sustainability Rating as of 30/11/23. Morningstar ratings refer to the B class rating for all USD denominated share classes and to the D class rating for all GBP denominated share classes. Sustainability provides company-level analysis used in the calculation of Morningstar's Sustainability Score. Sustainability Mandate information is derived from the fund prospectus. Morningstar Carbon Metrics cover all equity holdings as of 30/11/23. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

# STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND

## OUTCOME OF FAIR VALUE ASSESSMENTS (2023)

Our assessment confirms:

- The fund meets the needs of the target market.
- The intended distribution strategy remains appropriate.
- The fund provides fair value to customers.

## INVESTOR PROFILE

The fund is appropriate for all investor types, including those with only a basic knowledge of funds. It is compatible with investors who do not need a capital guarantee (investors must be prepared to accept fluctuations in the value of capital, including the ability to bear 100% capital loss) and are seeking capital growth. Due to the volatility of markets, investors should be willing to accept price fluctuations in exchange for the opportunity of potentially higher returns. This is a long term investment and investors should have an investment time horizon of at least 5 years. The recommended holding period does not provide any guarantee that the objective will be achieved. This product is eligible for all distribution channels (e.g. investment advice, portfolio management, non-advised sales and pure execution services).

The fund is unlikely to be appropriate for those who:

- Are looking for full capital protection or full repayment of the amount invested, and those who want a guaranteed return
- Have no risk tolerance
- Who are unwilling to accept price fluctuations (volatility) in the value of the fund
- Do not intend to invest for the long term

## FUND INFORMATION

|                      |                                |
|----------------------|--------------------------------|
| Total Net Assets     | £1,915.5m                      |
| Comparative Index    | MSCI World All Countries \$ TR |
| Fund Type            | UCITS                          |
| Fund Domicile        | Ireland                        |
| Base Currency        | USD                            |
| Currencies Available | GBP, USD, EUR, CHF             |
| Inception Date       | 16 Aug 2013                    |
| Range of Holdings    | 20-30 stocks                   |
| Income Paid          | Annually                       |
| Type of Payment      | Dividend                       |
| Ex Dividends         | 4 Jan 2023                     |
| Payment Date         | 18 Jan 2023                    |
| Pricing              | Daily by 11pm (IRE)            |
| Dealing              | Daily by 12pm (IRE)            |

## FUND CHARACTERISTICS

|                           |       |
|---------------------------|-------|
| Active Share <sup>1</sup> | 85.4% |
| Ex Post Tracking Error    | 6.9%  |
| 12 Month Turnover         | 10.2% |
| Beta                      | 0.95  |

## GBP C (INCOME) SHARE CLASS DETAILS

|                                                 |              |
|-------------------------------------------------|--------------|
| Price                                           | £298.89      |
| ISIN                                            | IE00BCLYMD19 |
| Synthetic Risk & Reward Indicator (SRRI) rating | 5            |
| Annual Management Fee                           | 1.25%        |
| Total Ongoing Charge (OCF <sup>2</sup> )        | 1.33%        |
| Min Initial Investment (GBP)                    | 35,000       |
| Registered For Sale                             | UK, CH, SA   |

<sup>1</sup> Active Share measures how much the portfolio holdings differ from the benchmark index (MSCI World) ie. a portfolio that is identical to the benchmark would have 0% active share. <sup>2</sup> The OCF is the Annual 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

This is a marketing communication. Please refer to the prospectus and the KIID of the UCITS before making any final investment decisions. All investments risk the loss of capital. No guarantee or representation is made that the funds will achieve their investment objective. The value of investments may go down as well as up and, for products designed to return income, the distributions can also go down or up and you may not receive back the full value of your initial investment. Derivatives may be used for efficient portfolio management. The fund invests in assets which are denominated in other currencies; hence changes in the relevant exchange rate will affect the value of the investment. Past performance is not a guide to future returns. If the information is not displayed in your base currency, then the return may increase or decrease due to currency fluctuations. The distribution or possession of this document in jurisdictions outside the United Kingdom may be restricted by law or other regulatory requirements. The Fund has been classified by the Manager, working in conjunction with the Investment Manager, as a product in accordance with Article 6 of SFDR, for further information please follow this link to our website: [https://cdn.io.stonehagefleming.com/craft-cms/investmentManagement/Sustainability-Disclosure\\_2021-10-20-124901\\_fcnr.pdf](https://cdn.io.stonehagefleming.com/craft-cms/investmentManagement/Sustainability-Disclosure_2021-10-20-124901_fcnr.pdf). Whilst every effort is made to ensure that the information provided to clients is accurate and up to date, some of the information may be rendered inaccurate by changes in applicable laws and regulations may be subject to change in the future. The information in this document does not constitute legal, tax, or a personal recommendation. Issued by Stonehage Fleming Investment Management Limited (SFIM). Authorised and regulated by the Financial Conduct Authority (194382) and registered with the Financial Sector Conduct Authority (South Africa) as a Financial Services Provider (FSP No. 46194). Approved for distribution in Jersey by affiliates of Stonehage Fleming Investment Management that are regulated for the provision of financial services by the JFSC. Affiliates of Stonehage Fleming Investment Management Limited are authorised and regulated in Jersey by the JFSC for financial services business. This document has been approved for use in Jersey. The Fund has been granted consent pursuant to the Control of Borrowing (Jersey) Order 1958, by the Jersey Financial Services Commission ("JFSC") to circulate an offer for subscription, sale or exchange

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NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.

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