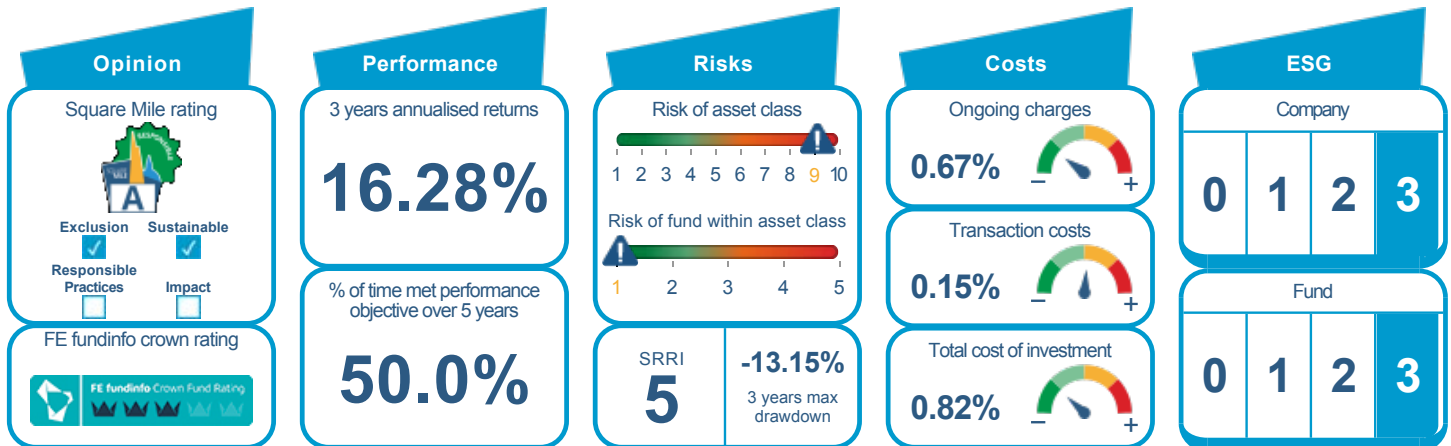


# Stewart Investors Worldwide Sustainab. B Acc GBP

November 2021  
Investment Research



## Overview

Capital accumulation through a portfolio of global equities. Equities can, and often do, lose money over short to medium time periods, but over the long run, and particularly over multiple investment cycles, equities, in aggregate, have provided an extremely successful way of accumulating capital.

Capital Accumulation	Capital Preservation	Income	Inflation Protection
●			

## Square Mile Expected Outcome

We believe outperformance of the MSCI AC World index over rolling five year periods is a reasonable expectation.

<b>Active/Passive:</b> Active	<b>Domicile:</b> United Kingdom
<b>Asset Class:</b> Equity	<b>IA Sector:</b> IA Global
<b>Launch Date:</b> 01/11/2012	<b>Fund Size (as at 12 Nov 2021):</b> £891.5m
<b>Yield:</b> 0.15%	<b>Distribution Pay Date:</b> Feb 01 (Final), Aug 01
<b>Fund Manager:</b> David Gait, Nick Edgerton	<b>Ongoing Charge Figure:</b> 0.67%
	<b>Transaction Cost ex Ante:</b> 0.15%



## Fund Opinion

We like Stewart Investors' strong investment philosophy, which is centred around investing in companies that contribute to a more sustainable future. The team has a heritage of investing in such a manner since the late 1980s, though this was originally within Asian and emerging market equities. Over time, the team's views and parts of the investment process have developed, hence the launch of this global equity fund in 2012. We view favourably on the fact that this product was a natural evolution of the investment team's long standing ethos.

Given the team's background, and also owing to where suitable, attractively valued investment opportunities arise, investors should note that this fund has historically held a longstanding underweight to the US equity market when compared to its MSCI ACWI benchmark. In fact, the fund's managers have an absolute return mind-set and therefore pay little attention to the index. In general, given the investment approach, we believe the fund will typically lag global equities in sharply rising markets or when riskier stocks are in favour and perform better in falling markets. The fund's performance profile may therefore widely vary from the index.

Whilst we acknowledge some team departures in recent years, we believe that these mostly effected the St Andrews Partners sub team, and therefore we retain our positive stance on the Sustainable Funds Group sub team, which is where this fund and its managers reside.

## Fund Description

The fund is managed by the Sustainable Funds Group within Stewart Investors (SI), an autonomous unit within First Sentier Investors (FSI), and which is responsible for its own investment decisions and recruitment. In August 2019, FSI was purchased by Mitsubishi UFJ Trust Banking Corporation, though this has not impacted the day-to-day management of the fund.

This fund's lead manager, Nick Edgerton, joined SI in 2012 after two years with FSI in Australia. He is joined by co-manager, David Gait, who has been with the firm since 1997. All the strategies and funds managed within SI draw upon the ideas of the highly collegiate research team, with sub-teams of dedicated analysts and fund managers focusing on specific strategies. Moreover, the investment process is tightly followed and is underpinned by a strong quality mantra.

The team conducts in-depth stock analysis seeking only the highest quality companies with strong management teams and sound finances. It strongly believes in the responsible stewardship of capital. Management integrity and their attitude to shareholders are critical but so are their execution and interaction with employees, suppliers, and customers alike, as well as the impact of their business activities on the local community and environment. Ultimately, the team are looking to be long-term investors in companies that offer sustainable earnings growth but which are attractively valued. Direct company contact is therefore deemed critical and the team undertakes a significant number of company meetings every year. The team particularly likes firms with pricing power, defensible cash flows, and which have responsible and sustainable business practices. Typically these are beneficiaries of shifting consumer preferences, regulatory tailwinds, or that are involved in building infrastructure to support long-term sustainable development. Opportunities in the financials sector are also considered as the sector plays a vital role in helping build a sustainable future.

The resulting portfolio will typically be made up of between 40-60 holdings, with single country exposure limited to no more than 30%, excluding the United States, which will not exceed 50%. To ensure sufficient diversification, on a sector basis, no more than 30% will be allocated to single GICS sector, with the exception of financials, which is limited to 40% as well as consumer staples and consumer discretionary which, when combined, will not be greater than 50% of the portfolio. However, tobacco and gambling stocks are not invested in. The team incorporates currency views within their company analysis and do not undertake any currency management at the portfolio level.

## Risk Summary

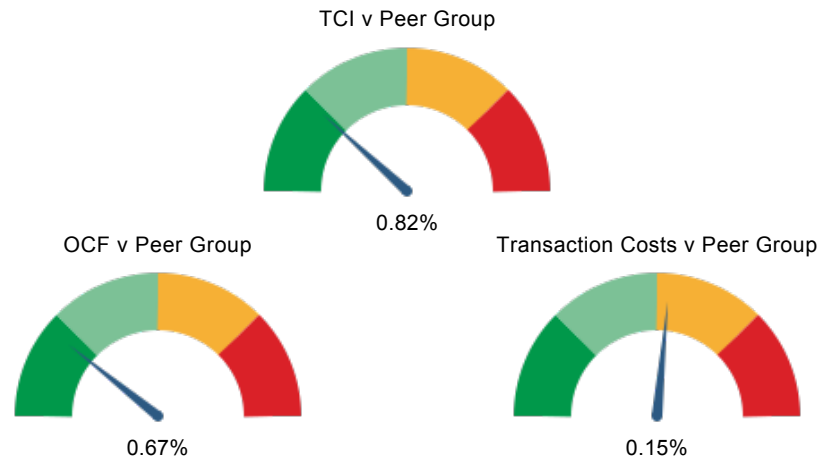
This fund invests in global equities and the main risk is that these, as higher risk assets, can be volatile investments. Furthermore, it is investing in a range of different currencies and as such, exchange rate risks can also be significant.

The fund is predominantly invested in sensibly managed companies that have sustainable businesses models. While this should lead to a smoother return profile than the wider global equity market, its sector and country exposures are likely to significantly differ from its benchmark. We believe the fund is more suitable for investors with a long investment time horizon.

## Value for Money

The fund's ongoing charge figure (OCF) is below the active global equity peer group average. In addition, its transaction costs (a further expense not represented in the OCF) are not excessive. This results in a reasonable total cost of investment (TCI). We see this fund as being good value for money, largely due to the quality of the management team and their sensible investment approach.

In line with the MiFID II regulations, asset management firms are required to disclose all of the costs and charges related to the running and administration of their funds, including items outside of the OCF, such as research costs. Stewart Investors absorb the costs associated with its research.



## ESG Integration

<b>Company Assessment</b>	0	1	2	3
ESG factors are fully integrated and are instrumental to the company's investment processes.				
<b>UN PRI Strategy &amp; Governance Rating</b>	A+			
<b>Fund Assessment</b>	0	1	2	3
ESG factors are fully integrated and are instrumental to the management of this strategy.				

## Responsible Investing Approach

Exclusion	Responsible Practices	Sustainability	Impact
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

## Additional Information

<b>Annualised Return</b>	16.28%
<b>Annualised Volatility</b>	13.19%
<b>Max Drawdown</b>	-13.15%
<b>Max Gain</b>	17.50%
<b>Max Loss</b>	-7.60%
<b>Sharpe Ratio</b>	1.20
<b>Sortino Ratio</b>	1.12

(3 years data to last month end unless otherwise stated)

### Currency of Share Class

GBP

### Fund Price (as at 12 Nov 2021)

339.3 pence

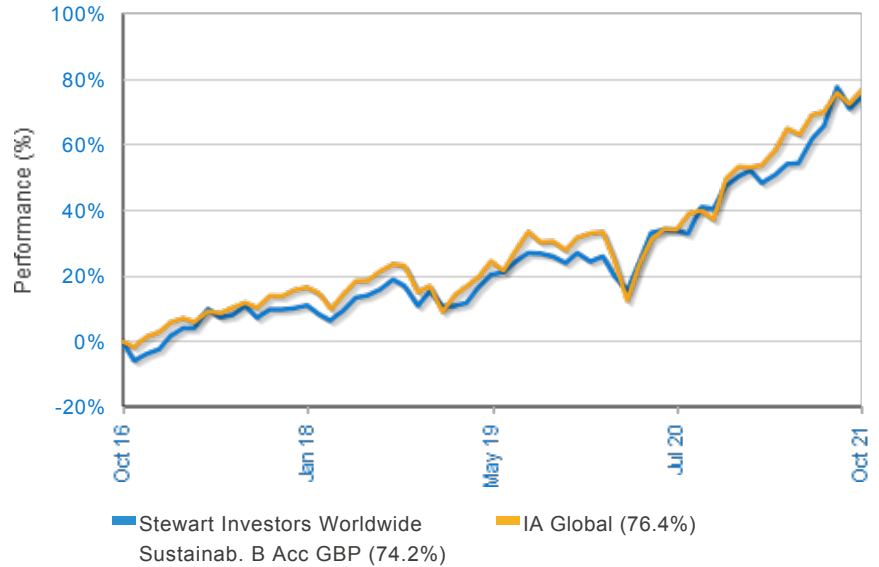
### Benchmark

MSCI AC World

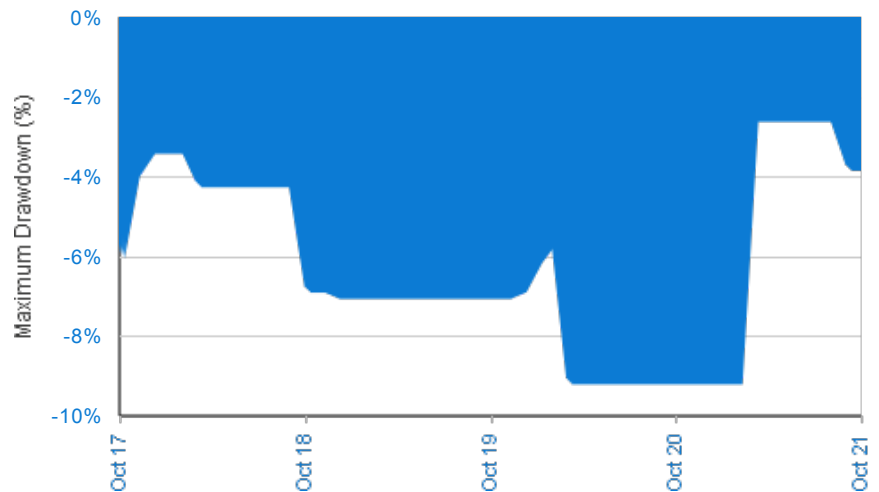
## Discrete Annual Performance to Last Quarter End

Period	Fund (%)	Sector (%)	Quartile Ranking
0-12m	21.2	23.2	3
12-24m	12.0	7.2	1
24-36m	7.6	6.0	1
36-48m	9.1	11.6	3
48-60m	10.5	14.9	4

## Capital Growth



## Maximum Drawdown (Rolling 12 Months)



### Top Ten Holdings

(Data as at 31 Oct 2021)

Company Name	%
FORTINET INC	5.3
DIASORIN S.P.A.	4.3
INFINEON TECHNOLOGIES AG	4.1
HALMA	3.9
ARISTA NETWORKS INC	3.8
HENRY JACK & ASSOCIATES INC	3.5
CSL LTD	3.3
ANSYS INC	3.1
BIOMERIEUX	3.0
COLOPLAST	3.0

### Sector Breakdown

(Data as at 31 Oct 2021)



- Information Technology (40%)
- Health Care (29%)
- Industrials (16%)
- Consumer Staples (8%)
- Financials (3%)
- Cash & Cash Equivalents (2%)
- Materials (1%)

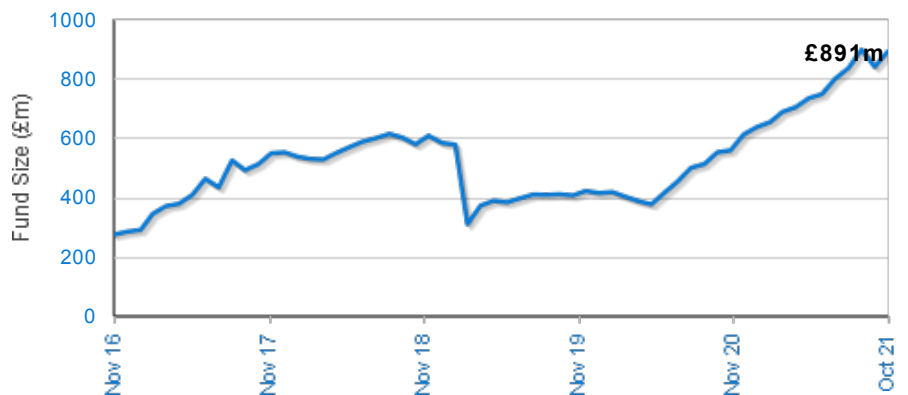
### Geographic Breakdown

(Data as at 31 Oct 2021)



- USA (29%)
- Japan (10%)
- UK (9%)
- Netherlands (7%)
- Germany (7%)
- India (6%)
- Australia (5%)
- Italy (4%)
- Denmark (4%)
- Other (19.3%)

### Assets Under Management



## Qualitative Risk Assessment

	Significant	Potentially Significant	Not Significant
Equity Risk	●		
Interest Rate Risk		●	
Credit Risk			●
Exchange Rate Risk	●		
Liquidity Risk			●
Emerging Markets Risk		●	
Derivative Risk			●
Manager Risk	●		

### Equity Risk

The fund is predominately invested in shares. Shares are volatile investments and this volatility is typically heightened at times of economic stress.

### Interest Rate Risk

The fund is an equity fund. Higher interest rates may adversely affect valuations of shares.

### Credit Risk

This fund does not have significant exposure to corporate debt.

### Exchange Rate Risk

The fund predominately invests abroad and it is exposed to foreign currencies. Currency markets may move sharply.

### Liquidity Risk

The fund invests in liquid assets and any sale should be possible at close to the prevailing market price.

### Emerging Markets Risk

The fund predominantly invests in securities listed by organisations operating in developed markets. The fund may have some exposure to emerging markets though the exposure is unlikely to be large.

### Derivative Risk

The portfolio is predominantly invested in underlying cash securities.

### Manager Risk

The manager is seen as an important element in Square Mile's rating of the fund, although potential alternatives may exist elsewhere in the organisation. Square Mile will reappraise the rating if the lead manager were to leave.

FE Risk Rating: 78.00

SRRI: 5

## Disclaimer

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