

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



**SUSTAINABLE  
ORGANIC GROWTH**



**QUALITY  
MANAGEMENT**



**EFFICIENCY**



**FREE CASH FLOW  
GENERATION**

**5 YEAR  
TOP DECILE  
PERFORMANCE**  
OF GLOBAL EQUITY FUNDS  
Lipper Global Equity Universe  
as at 31 October 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 extreme volatility during October was triggered by strong US economic news flow, which in turn raised fears for sharper than expected inflation and interest rates. This, along with the weak Emerging Markets, the trade tariff fears and the tail-end of the traditionally weak summer season, provided the bears with the opportunity to utilise the necessary general market uncertainties to take quite an extreme market stance.

Whilst the sharp drawdown of over 9% in the S&P 500 has been uncomfortable to fundamentally constructive investors, it is worth considering how extreme the reaction has been in general context. In terms of the current bull market taken from 2010 (after the Credit Crisis volatilities) we have experienced ten corrections in this order (or worse), the most recent in February this year. The worst ones (which also lasted the longest) were triggered by the cut of the US government debt rating in 2011 and the fears of a US recession in 2015/2016. The recoveries since then have rewarded constructive investors well.

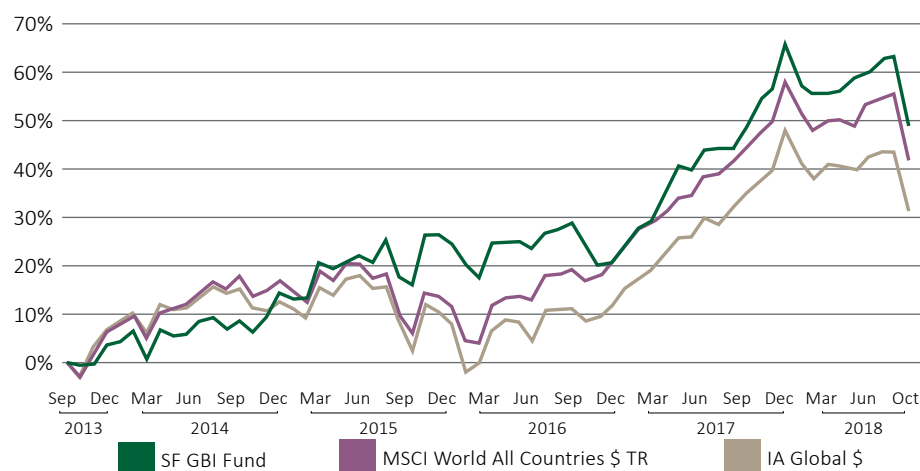
We perceive the potential rise of US inflation and interest rates, along with the Federal Reserve's transparent tightening process, still to be part of an economic normalisation process, rather than reflecting high risk of economic dislocations. The market-implied expectations of future US inflation (through breakeven rates) are still hovering around the Federal Reserve's target 2% level. We can also expect US leading economic indicators to start drifting from their current elevated levels. This may also support a softer stance on views of an overheating US economy.

The current US reporting season is about three-quarters done. The S&P 500 index companies have reported an 8% top-line and a quarter growth in bottom-line earnings, both well in excess of analyst expectations. After a few days of positive market trends, technically the market is 1% away from being back on its constructive course. We have recently started investing more of our cash.

**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 A USD)**



**CLASS A USD CUMULATIVE PERFORMANCE %**

	1m	YTD	1 Year	3 Year	5 Year	Since Inception
Stonehage Fleming Global Best Ideas Equity	-7.2	-3.1	1.7	19.8	45.7	51.6
MSCI World All Countries \$ TR	-7.5	-4.0	-0.5	25.1	34.7	43.9
IA Global \$	-8.6	-6.2	-3.0	17.0	22.5	31.3

**CLASS A USD PERIODIC PERFORMANCE %**

Calendar Year	2017	2016	2015	2014
Stonehage Fleming Global Best Ideas Equity	29.3	-3.0	9.8	6.1
MSCI World All Countries \$ TR	24.0	7.9	-2.4	4.2
IA Global \$	24.8	3.4	-2.9	0.8

<sup>1</sup> Performance prior to 23 August 2013 is simulated using the performance of the B share class. Fund Inception Date: 16 August 2013. Source for all performance is Link, Bloomberg, Financial Express, MSCI and Stonehage Fleming Equity Management as at 31/10/2018. 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**



SECTOR BREAKDOWN	% of Fund
Staples	21.8
Technology	21.8
Health Care	16.3
Discretionary	14.6
Communication	10.8
Financials	4.1
Industrials	2.7
Materials	1.8
Cash	6.0
<b>Total</b>	<b>100.0</b>

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

#### FUND 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	64.2
Continental Europe	16.2
UK	7.4
Asia Pacific	6.1
Cash	6.0
<b>Total</b>	<b>100.0</b>

#### PORTFOLIO CHARACTERISTICS

Average Market Cap (Billions USD)	162.3
Number of Holdings	27
Operating Margin	23.5%
Return on Invested Capital	15.0%
Net Debt/EBITDA <sup>1</sup>	1.0
Expected 3 Year EPS <sup>2</sup> Growth (p.a.)	11.8%
Expected 3 Year DPS <sup>3</sup> Growth (p.a.)	8.2%
Dividend Yield (gross) <sup>4,5</sup>	1.7%
Price/Earnings Ratio <sup>5</sup>	21.0
Free Cash Flow Yield <sup>5</sup>	4.2%
PEG Ratio <sup>6,7</sup>	2.2

<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
Visa	6.9
Zoetis	5.6
Alphabet	5.4
Accenture	5.3
PayPal	5.2
Nike	5.1
McDonald's	4.8
Becton Dickinson	4.7
Microsoft	4.4
Estée Lauder	4.4
<b>Total</b>	<b>51.8</b>

#### ESTIMATED REGIONAL REVENUES<sup>8</sup> % of Fund

North America	41.6
Emerging Markets	33.8
Continental Europe	20.6
UK	4.1
<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	\$842.2m
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	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>	92.4%
Ex Post Tracking Error	4.6%
12 Month Turnover	6.4%
BETA	0.88

<sup>9</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.

#### USD A (ACCUMULATION) SHARE CLASS DETAILS

Price	\$151.65
ISIN	IE00BCLYMB94
Synthetic Risk & Reward Indicator (SRRI) rating	5
Annual Management fee	1.25%
Total ongoing charge (OCF)	1.39%
Min initial investment (USD)	50,000
Registered for sale	UK, 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) plc (the "Company"), an 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 Fund is an approved Foreign Collective Investment Scheme in South Africa where it is registered with the Financial Sector Conduct Authority (South Africa). 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 of shares in Jersey. The JFSC is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that Law. 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 Sector Conduct Authority (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. 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.

Swiss Investors: The home jurisdiction of the fund is Ireland. 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 semiannual 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 Cantonale de Geneve of 17, Quai de l'île, 1204 Geneva, Switzerland.