

**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 28 February 2019



**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 first quarter of 2019 delivered the best first quarter returns since the turn of the century for both the Fund's comparative MSCI ACTR and the S&P 500 indices. Both indices have, though, not yet reached their respective peak levels registered last year.

Despite this positive backdrop, financial headlines are littered with news of the US yield curve inverting and the implied risks of an imminent US recession. Some perspectives in this context may be of value.

That the yield curve has inverted (and then flattened again) reflects the drop of long rates (10-years or longer) below the very short rates (up to 3 months) rather than below the more fundamentally based 2-year rate levels. Whilst we do not perceive yield curves based on short rates as fundamentally too well founded, an analysis of a number of such curves nevertheless indicate the possibility of an US recession about 24 months in the future.

The more fundamentally based yield curves are in process of flattening but have not yet inverted. If they may flatten and then immediately invert, it may signal the next US recession to be about 23 months away (considering data around the three most recent recessions). The S&P 500 index has historically peaked shortly before the respective recessions started. The average lead time over the last five recessions has been 4 months.

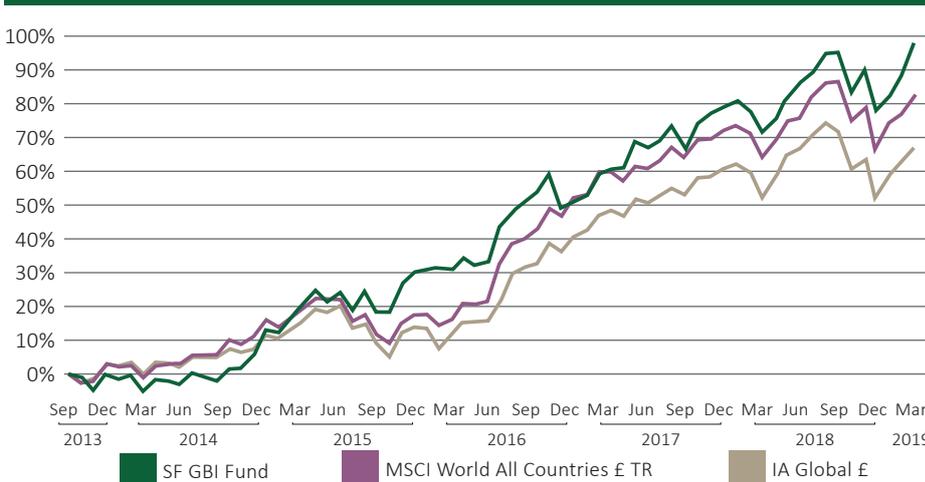
We studied the average S&P 500 return levels after 12, 18 and 24 months following the more fundamental 2/10-year curve inversions. They were +16%, +17% and +20% respectively (\$-terms, excluding dividends). The lowest individual figure was -2% (after 18 months in the case of the 1980 inversion event).

We do not attempt to forecast equity markets but see it as our duty to seriously consider the risks of staying invested. The current headlines of yield inversion do not yet force us onto the proverbial side-lines.

**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)**



**CLASS C GBP CUMULATIVE PERFORMANCE %**

	1m	YTD	1 Year	3 Year	5 Year	Since Inception
Stonehage Fleming Global Best Ideas Equity	5.7	11.7	15.5	47.1	100.8	99.4
MSCI World All Countries £ TR	3.4	10.0	10.8	50.2	75.5	83.1
IA Global £	2.4	9.6	8.7	43.5	59.9	66.9

**CLASS C GBP PERIODIC PERFORMANCE %**

Calendar Year	2018	2017	2016	2015	2014
Stonehage Fleming Global Best Ideas Equity	-1.1	18.1	15.7	16.0	12.6
MSCI World All Countries £ TR	-3.9	13.2	28.7	3.2	10.7
IA Global £	-5.7	14.0	23.3	2.8	7.1

<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 Link, Bloomberg, Financial Express, MSCI and Stonehage Fleming Equity Management as at 31/03/2019. 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
Technology	23.5
Staples	21.9
Discretionary	17.0
Health Care	13.4
Communication	10.2
Financials	6.9
Materials	1.4
Industrials	1.5
Cash	4.3
<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	69.9
Continental Europe	11.9
Asia Pacific	7.0
UK	6.9
Cash	4.3
<b>Total</b>	<b>100.0</b>

#### PORTFOLIO CHARACTERISTICS

Average Market Cap (Billions GBP)	161.6
Number of Holdings	27
Operating Margin	25.7%
Return on Invested Capital	18.2%
Net Debt/EBITDA <sup>1</sup>	0.5
Expected 3 Year EPS <sup>2</sup> Growth (p.a.)	12.9%
Expected 3 Year DPS <sup>3</sup> Growth (p.a.)	7.4%
Dividend Yield (gross) <sup>4,5</sup>	1.4%
Price/Earnings Ratio <sup>5</sup>	26.0
Free Cash Flow Yield <sup>5</sup>	3.9%
PEG Ratio <sup>6,7</sup>	2.7

<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	6.7
PayPal	5.5
Zoetis	5.4
Accenture	5.1
Alphabet	5.0
Nike	4.9
Microsoft	4.8
AIA	4.6
Estée Lauder	4.5
McDonald's	4.3
<b>Total</b>	<b>50.9</b>

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

North America	43.6
Emerging Markets	32.7
Continental Europe	18.8
UK	4.8
<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	£757.5m
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 2019
Payment Date	16 Jan 2019
Pricing	Daily by 11pm (IRE)
Dealing	Daily by 12pm (IRE)

FUND CHARACTERISTICS	
Active Share <sup>9</sup>	89.8%
Ex Post Tracking Error	4.4%
12 Month Turnover	8.8%
BETA	0.98

<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.

GBP C (INCOME) SHARE CLASS DETAILS	
Price	£198.79
ISIN	IE00BCLYMD19
Synthetic Risk & Reward Indicator (SRRI) rating	5
Annual Management fee	1.25%
Total ongoing charge (OCF)	1.36%
Min initial investment (GBP)	35,000
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.