

# STONEHAGE FLEMING SCI\* GLOBAL BEST IDEAS EQUITY FEEDER FUND

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



## INVESTMENT OBJECTIVE

The Fund is a feeder fund investing only in the Stonehage Fleming Global Best Ideas Equity Fund ("Master Fund"), managed by Stonehage Fleming Investment Management Limited in the United Kingdom. The Master Fund seeks 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.

## FUND COMMENTARY

Global equity markets continued their weak course in the first half of May. Relative calmness slowly filtered in from the second half, leaving the MSCI AC World Index almost flat over the month.

The US reporting season ended with an overall strong result – both revenue and earnings lines for the S&P 500 index beat expectations and management outlook statements were less cautious than feared. Investors can generally be happy with their businesses' operational performance.

Importantly, the inflation debate has moved on to discussions around how soon US peak inflation will be reached. Indices on the Pandemic inflicted causes of core inflation (predominantly around supply chain complications) continue their downward trend, with some of them already dropping below their levels twelve months ago. Unfortunately, though, the Ukraine war has kept headline inflation at elevated levels through its effects on oil and food prices.

Investor fears were exacerbated when the S&P 500 index dropped marginally into bear market territory on 20 May. It did, though, quickly recover later in the day and prevented the index from officially entering bear market territory. Whilst the term frightens many investors, it is worth noting that the trigger of a bear market has historically been followed by an average return of +15% over the following twelve months\*. The most notable exception to this was the 1973 oil shock, which delivered a -28% return instead\*. The high US inflation era then lasted 14 years with levels of up to 14%. Current bottom-up consensus S&P 500 valuations offer attractive upside.

The potent combination of high inflation, the war and risk for an imminent US recession is expected to continue dampening capital market sentiment for some time. Long-term orientated investors, though, enjoy more attractive opportunities currently.

\*Source: LPL Research. May 2022.

1 For periods longer than one year, returns are annualised. Source for all performance is Sanlam Collective Investments, Bloomberg, Financial Express, MSCI and Stonehage Fleming Equity Management as at 31/05/2022. Third parties (including Bloomberg and Financial Express) whose data may be included in this document do not accept any liability for errors or omissions.

2 Fund Inception Date: 1 November 2018.

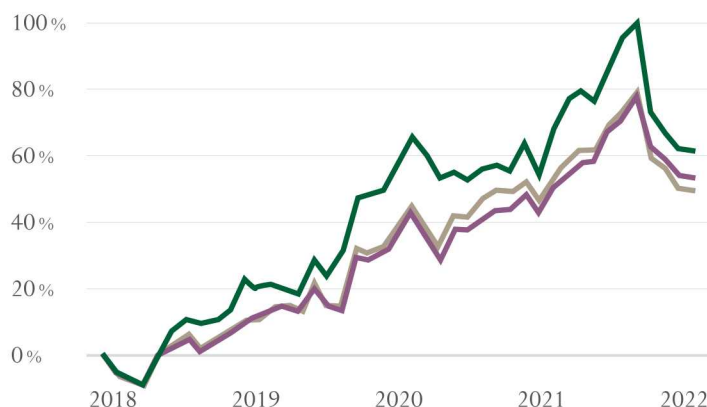
3 These are the highest or lowest consecutive 12-month returns over a 10 year period (or since inception where the performance history does not exist for 10 years). This is a measure of how much the Fund's returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 January 2020 and The Fund's lowest annual return occurred during the 12 months ended 31 May 2021.

\* Stonehage Fleming Sanlam Collective Investments Global Best Ideas Equity Feeder Fund

## 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 A1 ZAR)



■ SF GBI Feeder Fund ■ MSCI WAC ZAR TR ■ IA Global ZAR TR

## ANNUALISED PERFORMANCE<sup>1</sup> % (CLASS A1 ZAR)

	1m	YTD	1yr	Since inception
SF SCI GBI Equity Feeder Fund	-5.1	-23.3	-6.1	12.6
MSCI WAC ZAR TR	-1.2	-14.8	5.8	12.3
IA Global ZAR TR	-1.5	-17.8	0.6	11.5

## ACTUAL HIGHEST & LOWEST ANNUAL FIGURES<sup>3</sup> %

SF GBI FEEDER FUND

Highest Annual (1 Feb 2019 - 31 Jan 2020)	40.7
Lowest Annual (1 Jun 2020 - 31 May 2021)	4.0

## CALENDAR YEAR PERFORMANCE<sup>1</sup> % (CLASS A1 ZAR)

	2021	2020	2019
SF SCI GBI Equity Feeder Fund	30.9	28.5	26.4
MSCI WAC ZAR TR	28.6	22.0	23.5
IA Global ZAR TR	26.6	22.7	23.9

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**GLOBAL BEST IDEAS EQUITY FEEDER FUND**

**TOP TEN HOLDINGS (% OF FUND)**

Alphabet	6.9
Microsoft	6.0
Accenture	5.0
Nike	4.7
EssilorLuxottica	4.5
Visa	4.5
Zoetis	4.4
Adobe	4.3
Amazon	4.2
LVMH	4.1
<b>TOTAL</b>	<b>48.7</b>

**SECTOR BREAKDOWN (% OF FUND)**

Technology	26.9
Discretionary	20.5
Health Care	16.3
Staples	12.3
Communication	8.4
Financials	6.9
Industrials	2.9
Cash	5.7
<b>TOTAL</b>	<b>100.0</b>

**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.

**SECTOR BREAKDOWN**

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

**PORTFOLIO CHARACTERISTICS**

<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; Link Fund Administrators (Ireland) Limited. Due to rounding, values may not add up to 100%.

**FUND RATINGS**

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\* Stonehage Fleming Sanlam Collective Investments Global Best Ideas Equity Feeder Fund

**REGIONAL BREAKDOWN (% OF FUND)**

United States	74.0
Continental Europe	17.2
Asia Pacific	3.1
Cash	5.7
<b>TOTAL</b>	<b>100.0</b>

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

North America	47.0
Emerging Markets	31.0
Continental Europe	17.6
UK	4.3
<b>TOTAL</b>	<b>100.0</b>

**PORTFOLIO CHARACTERISTICS**

Average Market Cap (Billions USD)	320.4
Number of Holdings	27
Operating Margin	29.2%
Return on Invested Capital	19.3%
Net Debt/EBITDA <sup>1</sup>	0.7
Expected 3 Year Revenue Growth (p.a.)	10.5%
Expected 3 Year EPS <sup>2</sup> Growth (p.a.)	12.8%
Expected 3 Year DPS <sup>3</sup> Growth (p.a.)	8.0%
Dividend Yield (Gross) <sup>4,5</sup>	1.1%
Price/Earnings Ratio <sup>5</sup>	26.8
Free Cash Flow Yield <sup>5</sup>	3.6%
PEG Ratio <sup>6,7</sup>	2.7

**MASTER FUND'S RATINGS AND AWARDS**



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**GLOBAL BEST IDEAS EQUITY FEEDER FUND**

**ADDITIONAL INFORMATION**

Total Net Assets	\$2,047.2m
Fund Type	UCITS
Fund Domicile	Ireland
Inception Date	16 August 2013
Range of Holdings	20-30 stocks

**FUND CHARACTERISTICS**

Active Share <sup>1</sup>	87.0%
Ex Post Tracking Error	8.0%
12 Month Turnover	6.3%
Beta	0.88

<sup>1</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.

**INFORMATION PERTAINING TO THE FEEDER FUND**

**ASSET ALLOCATION**

Stonehage Fleming Global Best Ideas Equity Fund	99.5%
Cash	0.5%

**FEEDER FUND INFORMATION**

Portfolio manager	Gerrit Smit
ASISA fund classification	Global - Equity - General
Portfolio launch date	1 November 2018
Fee class launch date	1 November 2018
Portfolio size	R685.80m
Benchmark	MSCI All Countries World Index (Total Return Version) measured in Rands
Risk profile	Aggressive, the fund is not suitable for investors with a time horizon under five years or looking to preserve capital
Income declaration dates	31 December
Last two distributions	N/A
Income payment dates	1st working day in January
Portfolio valuation time	3pm (local time)
Transaction cut-off	3pm (local time)
Repurchase period	3 working days
Availability of daily pricing information	Local newspapers <a href="http://www.sanlamunitrusts.co.za">www.sanlamunitrusts.co.za</a>
Investment manager	Stonehage Fleming Investment Management (South Africa) (Pty) Ltd
Trustee	Standard Bank of South Africa Ltd <a href="mailto:compliance-sanlam@standardbank.co.za">compliance-sanlam@standardbank.co.za</a>
Management company	Sanlam Collective Investments (RF) (Pty) Ltd 2 Strand Road, Bellville, 7530 PO Box 30, Sanlamhof, 7532 021 916 1800 <a href="mailto:service@sanlaminvestments.com">service@sanlaminvestments.com</a> <a href="http://www.sanlamunitrusts.co.za">www.sanlamunitrusts.co.za</a>

**INVESTMENT MANAGER INFORMATION**

Manager	Stonehage Fleming Investment Management (South Africa) (Pty) Ltd
FSP Number	42847
Address	First Floor North Block, Waterway House 3 Dock Road, Victoria & Alfred Waterfront Cape Town, South Africa
Website	<a href="http://www.stonehagefleming.com/investments">www.stonehagefleming.com/investments</a>
Telephone	+27 21 446 2100
Email	<a href="mailto:GBIFeederFund@stonehagefleming.com">GBIFeederFund@stonehagefleming.com</a>

**FEES<sup>1</sup> (CLASS A1 ZAR)**

Minimum investment	R 10,000
Advice Initial Fee (max)	N/A
Advice Annual Fee (max)	N/A
Investment Manager Initial Fee	N/A
Investment Manager Annual Fee (Feeder Fund)	0.81%
Investment Manager Annual Fee (Master Fund)	0.75%
Total Expense Ratio (TER)	1.69%
Estimated Transaction Costs (TC)	0.06%
Total Investment Charges (TIC)	1.75%

<sup>1</sup> Advice fees are negotiable between the client and their adviser. Annual advice fees are paid through a re-purchase of units from the investor. The fund is available through certain LSPs which levy their own fees. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The TER displayed, which is calculated using data for the period 1 November 2018 to 30 September 2021, is based on the ASISA methodology, is higher than the expected TER of the fund due to the high weight allocated to past costs prior to the increase in fund size. The estimated actual TER payable by a client investing into the fund today would be 1.70%. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER. Disclosed performance information is calculated after all fees and costs deducted. <sup>2</sup> All fees inclusive of VAT where applicable.

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## GLOBAL BEST IDEAS EQUITY FEEDER FUND

### IMPORTANT INFORMATION

A Feeder Fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the Feeder Fund. The management of investments is outsourced to Stonehage Fleming Investment Management (South Africa) (Pty) Ltd, FSP 42847 an authorized Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision.

The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager, Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of

charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. Source: Money Mate. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The fund invests in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information.

The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The Manager retains full legal responsibility for the co-named portfolio.

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