



# STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND


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




**SUSTAINABLE  
ORGANIC GROWTH**



**QUALITY  
MANAGEMENT**




**EFFICIENCY**



**FREE CASH FLOW  
GENERATION**

**SINCE INCEPTION  
TOP DECILE  
PERFORMANCE**  
OF GLOBAL EQUITY FUNDS  
Lipper Global Equity Universe  
as at 30 Apr 2018



### 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

It feels as if the first half of this year has passed more quickly than usual. Equity investors have had two main fundamental issues to digest over this period.

The year started off strongly due to the deep US tax cuts, but was shortly thereafter confronted by escalating fears for high inflation (and therefore sharply increasing interest rates), essentially because of strong US employment. Whilst inflation has been rising towards the Federal Reserve's target level, general expectations for the medium term have barely moved. The yield curve has continued its flattening process with shorter rates rising, but longer rates remain muted (and the curve has not yet flattened or inverted).

The US administration's threats of increasing trade tariffs was another new unsettling factor. Whilst the cost to the US of already announced tariffs are dwarfed by tax and other fiscal policy benefits, the market fears the potential for a full-blown trade war between the US and China. In this context, US exports to China make up 0.7% of its own GDP, whilst Chinese exports to the US make up almost 4% of its own GDP. This skewed relative ratio may put the US in a stronger position to hopefully negotiate a constructive outcome on trade with China. It may be that a stronger Dollar poses more of a threat in this context.

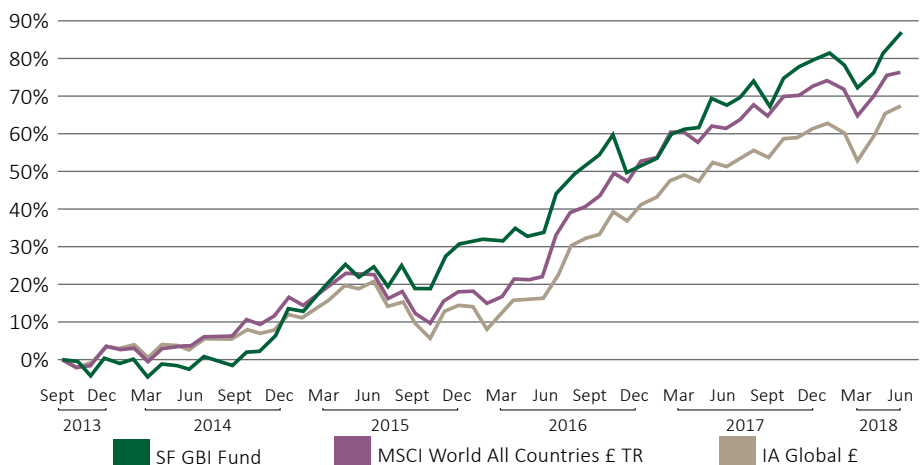
Barring these uncertainties, the world and especially the US economy remains on a constructive course. Company earnings results continue to accelerate, with the consensus expectations for both the S&P 500 and MSCI World earnings to grow in double digits over the coming year. We should also bear in mind that a bear market does not usually get triggered when earnings accelerate at this rate.

The second half of the year will surely bring its dose of surprises, but the current fundamental outlook continues to appear constructive.

### 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)



Inception Date: 16 August 2013

### CLASS C GBP CUMULATIVE PERFORMANCE %

	1m	3m	6m	YTD	Since Inception
Stonehage Fleming Global Best Ideas Equity	2.3	8.5	3.9	3.9	87.4
MSCI World All Countries £ TR	0.2	6.9	2.1	2.1	76.6
IA Global £	0.1	7.9	2.5	2.5	67.7

### CLASS C GBP PERIODIC PERFORMANCE %

12 months to	30/06/18	30/06/17	30/06/16	30/06/15
Stonehage Fleming Global Best Ideas Equity	11.5	16.1	20.5	19.8
MSCI World All Countries £ TR	9.2	21.2	14.1	9.5
IA Global £	9.1	23.7	6.7	8.4

Source for all performance is Link, Bloomberg, Financial Express, MSCI and Stonehage Fleming Equity Management as at 30/06/2018. 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






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# STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND

SECTOR BREAKDOWN	% of Fund
Technology	28.4
Consumer Staples	22.2
Consumer Discretionary	17.8
Health Care	14.6
Industrials	4.1
Financials	4.7
Materials	1.3
Cash	7.0
<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.

\*Gerrit Smit is + rated by Citywire for his rolling 3 year risk-adjusted performance, for the period 30/06/2015 – 30/06/2018.

REGIONAL BREAKDOWN	% of Fund
United States	57.9
Continental Europe	17.2
Asia Pacific	10.8
UK	7.2
Cash	7.0
<b>Total</b>	<b>100.0</b>

## PORTFOLIO CHARACTERISTICS

Average Market Cap (Billions GBP)	109.9
Number of Holdings	25
Operating Margin	25.1%
Return on Invested Capital	16.1%
Net Debt/EBITDA <sup>1</sup>	0.9
Expected 3 Year EPS <sup>2</sup> Growth (p.a.)	14.3%
Expected 3 Year DPS <sup>3</sup> Growth (p.a.)	10.2%
Dividend Yield (gross) <sup>4,5</sup>	1.6%
Price/Earnings Ratio <sup>5</sup>	21.2
Free Cash Flow Yield <sup>5</sup>	4.4%
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	6.6
Tencent	6.1
Alphabet	5.5
Accenture	5.5
Zoetis	5.3
Nike	5.1
Becton Dickinson	4.8
AIA	4.7
PayPal	4.7
Estée Lauder	4.5
<b>Total</b>	<b>52.7</b>

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

North America	37.9
Emerging Markets	37.7
Continental Europe	20.6
UK	3.8
<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	£643.9m
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 2018
Payment Date	16 Jan 2018
Pricing	Daily by 11pm (IRE)
Dealing	Daily by 12pm (IRE)

FUND CHARACTERISTICS	
Active Share <sup>9</sup>	94.0%
Ex Post Tracking Error	4.6%
12 Month Turnover	3.1%
BETA	0.87

<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	£186.90
ISIN	IE00BCLYMD19
Synthetic Risk & Reward Indicator (SRRI) rating	5
Inception date	16 Aug 2013
Annual Management fee	1.25%
Total ongoing charge (OCF)	1.39%
Min initial investment (GBP)	35,000
Registered for sale	GB, 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"), and 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 Company is also an approved Foreign Collective Investment Scheme in South Africa where it is registered with the Financial Sector Conduct Authority (South Africa). 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 Services Board (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.

Swiss Investors: 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 semi-annual 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 Heritage SA, 61, Route de Chêne, Case Postale 6600, CH-1211 Geneve 6, Switzerland.