

## STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND

### 31 March 2016 Factsheet

#### 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.

#### INVESTMENT STRATEGY

- Invest for sustainable growth
- Fundamental research driven
- Particular focus on quality of management, balance sheet, return on capital, cash flow, ability to grow dividends each year
- Bottom-up approach to identify exceptional businesses
- Global orientation
- High conviction concentrated portfolio
- Predominantly larger capitalisation businesses, include some mid-size exceptional ones
- Buy to hold for longer term orientation, but do not hold overvalued businesses
- No benchmark orientation, leverage, hedging or active trading

#### FUND INFORMATION

Investment Manager:	Stonehage Fleming Investment Management Limited
Portfolio Manager:	Gerrit Smit
Launch Date:	16 August 2013
Total AUM:	\$387.3m
Dealing Deadline:	Daily by 12pm (Irish time)
Pricing:	Daily at 11pm (Irish time)
Fund Type:	UCITS

#### COMMENTARY

We buy exceptional businesses with the intention to hold them for the long term to benefit from the compounding effect from continuous dividend growth. The identification of above average sustainable organic growth potential counts as one of the main challenges in this task.

The technology sector provides such opportunities in different forms, but also with high risk of potential obsolescence in many cases. This is an issue particularly in hardware. Services around software technology carries much lower risk. We are often asked about getting exposure specifically to cloud software and digital product developments and addressing growing risks in technology security.

All modern companies are challenged with these issues in their business. Accenture has become a major partner in this context to many world leading companies. It is striking to realise that these particular services already account for nearly 40% of their total revenue, with their digital-related services currently growing in excess of 25%. It is our perception that there is still a long road ahead for many businesses globally on this front.

We got particularly interested in Accenture in October 2009 when they started liberalising their dividend policy by increasing the dividend by +50%. The dividend per share has since then grown by +17% p.a. The share's total return (with dividends re-invested) has been +21% p.a. over this period. This is +8% p.a. ahead of the S&P 500 index. The Fund has not sold a single Accenture share.

This business is an exceptional free cash flow generator, with an average three year cash conversion ratio of 1.1 times. It has a current Return On Invested Capital ratio of 56% and trades on a forward Free Cash Flow Yield of 5.2%.

#### PERFORMANCE <sup>1</sup>

	Class A USD %	Class B USD %	Class C GBP %	Class D GBP %
One Month	5.9	5.9	2.6	2.7
Year To Date	0.1	0.3	2.7	2.8
One Year	4.5	5.0	7.9	8.5
2015	9.8	10.4	16.2	16.8
2014	6.1	6.6	12.7	13.3
Since Launch <sup>2</sup>	24.9	26.4	35.5	37.4

#### SHARE CLASSES

	Class A USD	Class B USD	Class C GBP	Class D GBP
Price	\$124.88	\$126.45	£135.19	£136.51
OCF % <sup>3</sup>	1.49	0.99	1.49	0.99
Investment Management Fee %	1.25	0.75	1.25	0.75
Minimum Initial Investment	\$50,000	\$5,000,000	£35,000	£3,500,000
Minimum Subsequent Investment	\$25,000	\$25,000	£15,000	£15,000

Source: Capita Financial Administrators (Ireland) Limited and Stonehage Fleming Investment Management Limited

<sup>1</sup> Net of fees

<sup>2</sup> Launch: 16 August 2013

<sup>3</sup> The Investment Management Fee is included in the Ongoing Charges Figure ("OCF") and is not in addition to the OCF. The OCF expresses the overall costs of running the Stonehage Fleming Global Best Ideas Equity Fund (the "Fund") as a percentage of the value of the assets of the Fund. It comprises the Investment Management Fee and other additional charges including, but not limited to, the charges of the Manager, Administrator, the Custodian, the Directors and any appointed Paying Agent as well as regulatory, company secretarial, statutory, auditing, listing, Governmental and legal costs. It does not include portfolio transaction costs.

**PAST PERFORMANCE SHOULD NOT BE USED AS A GUIDE TO FUTURE PERFORMANCE**

## FUND COMPOSITION

Regional Breakdown	% of Fund
United States	59.6
Continental Europe	17.6
UK	9.4
Asia Pacific	8.0
Cash	5.3
Total	100.0

Sector Breakdown	% of Fund
Consumer Staples	29.4
Consumer Discretionary	21.9
Technology	20.1
Health Care	9.5
Financials	7.2
Industrials	3.9
Materials	2.6
Cash	5.3
Total	100.0

Top 10 Holdings	% of Fund
RB Group	5.6
Alphabet	5.5
Visa	5.5
Accenture	5.3
Becton Dickinson	5.2
L Brands	4.6
Nike	4.5
Walt Disney Co	4.5
Fresenius SE	4.3
Estée Lauder	4.2
Total	49.3

Source: Capita Financial Administrators (Ireland) Limited and Stonehage Fleming Investment Management Limited.

## RISK FACTORS

Stonehage Fleming Global Best Ideas Equity Fund (the “Fund”) is an equity fund. Investors should be willing and able to assume the risks of equity investing in particular, fluctuations in market price, adverse issuer or market information and the fact that equity securities rank below other corporate securities, including debt securities, in right of payment in the event of issuer insolvency. The value of the Fund’s portfolio changes daily and can be affected by changes in currencies, interest rates, general market conditions and other political, social and economic developments, as well as specific matters relating to the companies in whose securities the Fund invests. 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.

Changes in the rates of exchange between currencies may cause the value of investments to go up or down in the reporting currency. In general, underlying investments denominated in foreign currency are not hedged back into the reporting currency. Among the factors that may influence currency values are trade balances, the levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Values may also be affected by developments relating to controls and restrictions on foreign currency remittance of proceeds of investments in a non-sterling jurisdiction.

All investments risk the loss of capital. No guarantee or representation is made that the Fund will achieve its investment objective. The value of investments may go down as well as up and the distributions can also go down or up and you may not receive back the full value of your initial investment. The risks outlined here are some of the more specific risks applicable to investment in the Fund and investors’ attention is drawn to Appendix II of the Prospectus which provides more information on the types of risk factors investors should consider.

Whilst every effort is made to provide investors with accurate and up to date information, some of the information may be rendered inaccurate by changes in applicable laws and regulations. For example, the levels and bases of taxation may change. No information in this document should be interpreted as investment advice. If you feel unsure about the suitability of this investment for you, please consult with a professional financial adviser.

## IMPORTANT INFORMATION

The Fund is a sub-fund of 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 Acts 1963 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 Services Board (“FSB”). Capita Financial Managers (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@capitafinancial.com](mailto:dublinta@capitafinancial.com).

Any advice we provide will be based on and take into account a majority of product types and not every single equivalent product within a given product category. As such, any advice we give is restricted (as opposed to independent) as defined by the Financial Conduct Authority.

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.

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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.

## CONTACT FOR DEALING OR APPLICATION FORM

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