

## INVESTMENT REPORT – 28 FEBRUARY 2022

# BNP PARIBAS C WORLDWIDE GLOBAL EQUITY TRUST

### OBJECTIVE

The investment objective of the Trust is to achieve long-term capital growth exceeding the return of the market by investing in global equities. C WorldWide Asset Management aims to generate excess returns relative to the Benchmark over a 3 year period, before taking fees and expenses into account.



### DISTINGUISHING FEATURES

- A unique long-term investment approach that combines stable growth companies with thematic driven stock picks.
- Stability and experience of the C WorldWide Asset Management global decision team, which has managed the global portfolio since the early 1990s.
- A concentrated portfolio of 30 stocks enables C WorldWide Asset Management to focus on a select group of investment ideas.

### TOP 10 HOLDINGS

SECURITY	SECTOR	TRUST
Alphabet	Communication Services	7.1%
HDFC	Financials	6.1%
Microsoft Corp	Information Technology	6.0%
Thermo Fisher Sci	Healthcare	5.3%
Novo Nordisk	Healthcare	4.9%
Visa	Information Technology	4.8%
Home Depot	Consumer Discretionary	4.7%
Amazon	Consumer Discretionary	4.7%
Sony Corp	Consumer Discretionary	4.2%
Nestle	Consumer Staples	3.9%
		<b>51.7%</b>

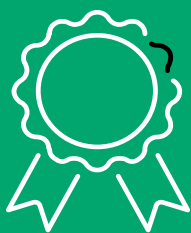
Source: BNP Paribas Securities Services.

### TRUST PERFORMANCE

	TRUST GROSS	TRUST NET	BENCHMARK
1 Month %	-6.63	-6.71	-5.42
3 Months %	-11.59	-11.81	-5.87
FYTD %	1.04	0.38	1.16
1 Year %	13.30	12.18	15.02
2 Years % p.a.	12.31	11.20	11.70
3 Years % p.a.	16.32	15.17	12.67
5 Years % p.a.	15.89	14.75	12.73
7 Years % p.a.	11.97	10.86	10.28
Since Inception (%) Performance inception 27 May 2013	15.28	14.14	13.08

Source: BNP Paribas Securities Services. Benchmark: MSCI All Country World Index, incl. net dividends, measured in AUD. Gross returns are calculated before fees and net returns are calculated using exit prices net of ongoing fees of 0.99% p.a. (inclusive of RITC and GST) and assuming reinvestment of distributions. No allowance is made for tax when calculating these figures. Gross returns are provided for wholesale investors only, retail investors should refer to net returns. The performance of the Trust is determined by calculating the change in redemption price between two periods. The sell spread of the Trust was decreased from 30bps to 15bps effective 4 March 2021 and remains at 15bps as at the date of this report. This change impacts the reported performance of the Trust accordingly over time periods including March 2021, but is not reflective of the performance of the underlying assets.

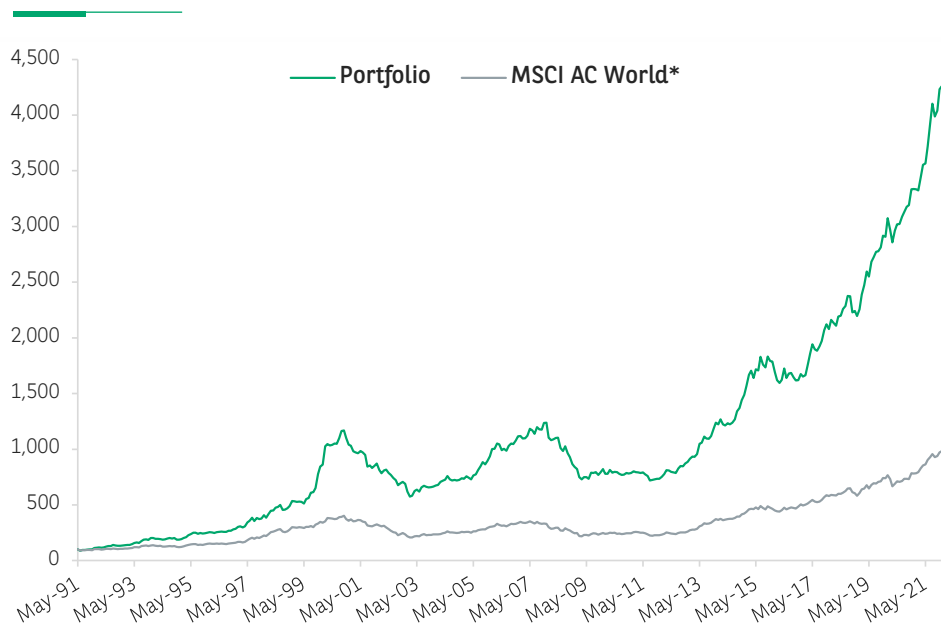




## WINNER!

Winner of the International equities - high performance category in the 2021 Financial Standard Investment Leadership Awards

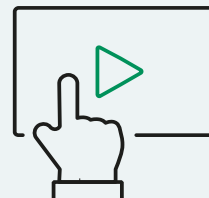
## LONG TERM PERFORMANCE



Source: C WorldWide Asset Management, in AUD. \*Benchmark was originally a customized index which changed on 31 March 1996 to MSCI World Index and subsequently on 31 December 2010 to MSCI All Country World Index. Ex-Tobacco strategy inception May 1991. The Trust performance commenced on 27 May 2013. To give a longer-term view, the above chart shows the composite returns for C WorldWide Global Equity Ex. Tobacco Strategy (gross of fees), according to which the Trust is currently managed. The performance of the Trust will however differ from the Strategy due to factors such as fees and charges applicable to the Trust, and the impact of applications and withdrawals. Please note the performance calculation methodology applied to the Trust may differ from the composite returns presented.

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## SECTOR ALLOCATION



- 26.9% Info. Technology
- 15.7% Financials
- 13.5% Consumer Discret.
- 13.3% Health Care
- 9.5% Consumer Staples
- 7.1% Communication Services
- 6.4% Industrials
- 2.9% Utilities
- 2.2% Real Estate
- 2.0% Materials
- 0.5% Cash

Source: BNP Paribas Securities Services – Percentages may not add up to 100% due to rounding.

## REGIONAL ALLOCATION



- 51.9% North America
- 18.7% Europe ex-U.K.
- 9.9% Japan
- 8.7% Asia/Pacific ex-Japan
- 8.1% Emerging Markets
- 2.2% UK
- 0.5% Cash

Source: BNP Paribas Securities Services – Percentages may not add up to 100% due to rounding.



## RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk.

Some of the general risks of managed investment schemes include:

Active Management Risk, Company Specific Risk, Concentration Risk, Counterparty Credit Risk, Currency Risk, Emerging Markets Risk, Interest Rate Risk, Legal Risk, Liquidity Risk, Market Risk, Operational Risk, Political Risk, Stock Selection Risk, and Trust Risk.

For further details of the risks associated with the Trust, a Product Disclosure Statement (PDS) for the Trust is available at [www.bnpparibas-am.com.au](http://www.bnpparibas-am.com.au)



## In case you missed it

View our latest [C Worldwide Global Equity Strategy Portfolio Update](#) with Bo Knudsen

## COMMENTARY

### MARKET UPDATE

For another month the earnings seasons and company specific news took a back seat compared to macro and geopolitical events. On the 24th of February, Russian forces invaded Ukraine, sending rates and equity markets lower and key commodities sharply higher. Investors are now backing off from their assumption of a 50-basis point interest rate hike in March by the FED. Redburn, a research boutique, estimates that the surge in oil prices will lead to year-end inflation in the U.S. and Europe being about 100 basis points higher than previous estimates. The ECB is now estimating that the conflict will decrease Eurozone GDP by 0.3-0.4 percent in a moderate scenario and up to one percentage point in case of a more serious outcome. This result could be higher near-term inflation, but a weaker economy leading to demand destruction and lower inflation than expected in 2024.

### CONTRIBUTION TO THE PORTFOLIO

Among the top three contributors to performance in February were Bank Central Asia, Amazon, and AIA Group. Indonesian Bank Central Asia has risen strongly since last summer on the back of rising global rates. BCA has a high CASA (current and savings account) ratio of 79% vs a sector average of 60%. Having a high CASA ratio means that the bank can fund itself cheaply as rates on savings accounts are low and thus will benefit as costs for funding will rise slowly boosting interest margins.

Amazon's shares have been moving sideways for almost two years after the sharp runup during the initial pandemic. The shares have been held back by fears of increased labour costs for its 1.6 million employees, supply chain disruptions and a heavy investment program. During its earnings call in early February the company seemed more positive on staffing issues and disclosed for the first time that its advertising revenue came in at USD 31 Billion in 2021, up from below USD 3 Billion in 2016.

Shares of AIA Group held up well in what was a turbulent February for the equity markets. The company does not report full year numbers until March but is expected to have seen growth in new business value (the present value of future profits associated with new business written during the year), in the low teens.

Among the top detractors were Home Depot, HDFC and Sony. Home Depot, one of the last companies in the portfolio to report fourth quarter earnings, delivered comparative sales growth of over 8%, largely driven by price increases. Sceptics pointed to the strong revenue growth in 2021 leading to a higher bar for 2022 and sent the shares sharply lower. We would point to a company that continues to execute and with a long-term investment plan that should give the company a path to USD 200 Billion in sales, resulting in mid-single digit comparative sales growth and double-digit earnings per share growth. Paying less than 20x for such a company, now with a more resilient sales mix as half of sales now are towards professional customers, is a very attractive proposition.

HDFC, reporting early in the month, grew home loans 16%, significantly outperforming the Indian bank sector's 9% growth. However, lending to the corporate sector was soft and net interest income growth was only 2% over last year. Sony, which saw its shares dragged down by the general technology-focused selloff is responding to Microsoft's acquisition of Activision, by itself acquiring leading game developer Bungie. While the acquisition at USD 3.6 Billion is much smaller compared to Microsoft's tie-up with Activision, this is a welcome strengthening of Sony's lead in the gaming platform business.

### CHANGES TO THE PORTFOLIO

There were no changes to the portfolio during the month.

Source: C WorldWide Asset Management



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## HAVE QUESTIONS?

All enquiries welcome. Please contact your local sales representative.

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## CHARACTERISTICS

APIR Code	AR00006AU
Benchmark	MSCI All Country World Index, incl. net dividends, measured in AUD
Trust Size (AUD)	\$470.7m
Performance Inception	27 May 2013
Distribution Frequency	Usually annually, as at 30 June
Minimum Investment	\$25,000
Delegated Investment Manager	C Worldwide Asset Management
Management Costs (includes GST after allowing for RITCs)	Capped at 0.99% p.a.
Performance Fee	Nil
Currency	AUD, unhedged
Buy/Sell Spread	+0.15% / -0.15%

## DISCLOSURE

Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 | AFSL 240975 is the Responsible Entity for the BNP Paribas C WorldWide Global Equity Trust ("the Trust") (ARSN 087585368). Equity Trustees is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX: EQT). BNP Paribas Asset Management Australia Ltd ("BNPP AMAU") ABN 78 008 576 449 | AFSL 223418 is the investment manager of the Trust. This publication has been prepared by BNPP AMAU to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither BNPP AMAU, Equity Trustees nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement (PDS) before making a decision about whether to invest in this product. The PDS can be obtained from <http://www.bnpparibas-am.com.au/> or from your adviser.

BNP Paribas C WorldWide Global Equity Trust's Target Market Determination available here [www.bnpparibas-am.com.au](http://www.bnpparibas-am.com.au). A Target Market Determination is a document which describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

New Zealand financial services licensing and registration requirements do not apply to BNPP AMAU as it does not provide financial services to retail clients in New Zealand and does not have a place of business in New Zealand.

For more information regarding the Trust please call the Client Service Team on 1800 267 726 (Australia) or +612 9619 6041 or visit our website [www.bnpparibas-am.com.au](http://www.bnpparibas-am.com.au)



**BNP PARIBAS ASSET MANAGEMENT Australia Limited** is recognised as a Responsible Investment Leader 2021 by the Responsible Investment Association Australasia (RIAA). This acknowledges our commitment to responsible investing; our explicit consideration of environmental, social and environmental factors in investment decision making, our strong and collaborative stewardship; and our transparency in reporting activity, including the societal and environmental outcomes being achieved.

