

## INVESTMENT REPORT – 30 JUNE 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	6.7%
HDFC	Financials	6.2%
Thermo Fisher Sci	Healthcare	6.2%
Novo Nordisk	Healthcare	6.1%
Microsoft Corp	Information Technology	5.9%
Visa	Information Technology	5.0%
Home Depot	Consumer Discretionary	4.7%
Nestle	Consumer Staples	4.0%
Sony Corp	Consumer Discretionary	3.9%
Amazon	Consumer Discretionary	3.7%
		<b>52.4%</b>

Source: BNP Paribas Securities Services.

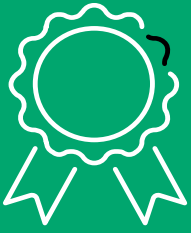
### TRUST PERFORMANCE

	TRUST GROSS	TRUST NET	BENCHMARK
1 Month %	-4.02	-4.10	-4.47
3 Months %	-7.56	-7.79	-7.90
FYTD %	-8.35	-9.25	-8.02
1 Year %	-8.35	-9.25	-8.02
2 Years % p.a.	6.19	5.14	8.39
3 Years % p.a.	8.34	7.27	6.93
5 Years % p.a.	11.47	10.37	9.37
7 Years % p.a.	10.07	8.99	8.70
9 Years % p.a.	13.53	12.41	11.41
Since Inception (%) Performance inception 27 May 2013	13.46	12.34	11.40

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.



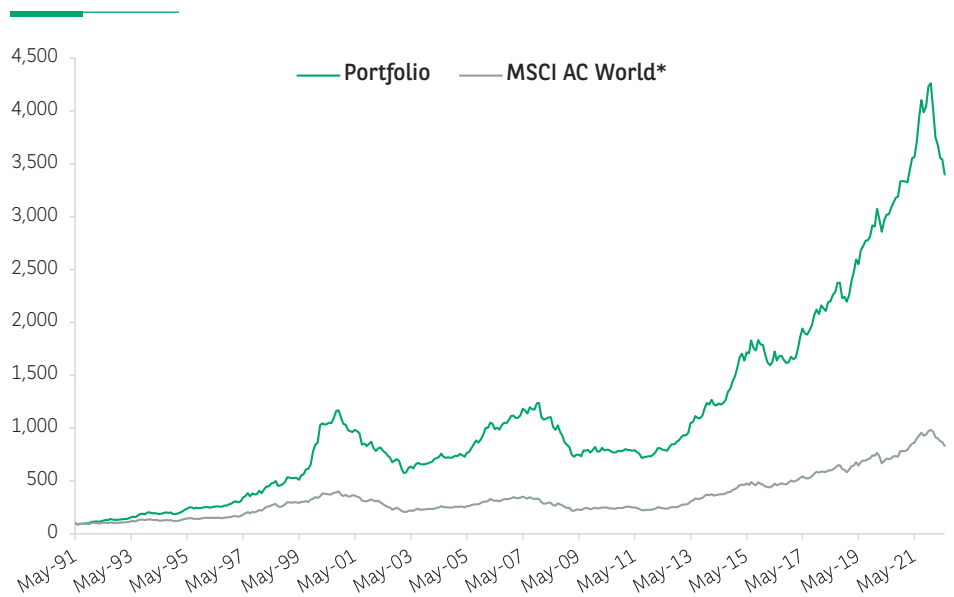
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**WINNER!**

At the 2022 Financial Standard Investment Leadership Awards, the BNP Paribas C Worldwide Global Equity Trust won the “International Equities - Active Core” category

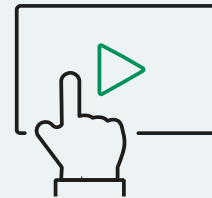
## LONG TERM PERFORMANCE



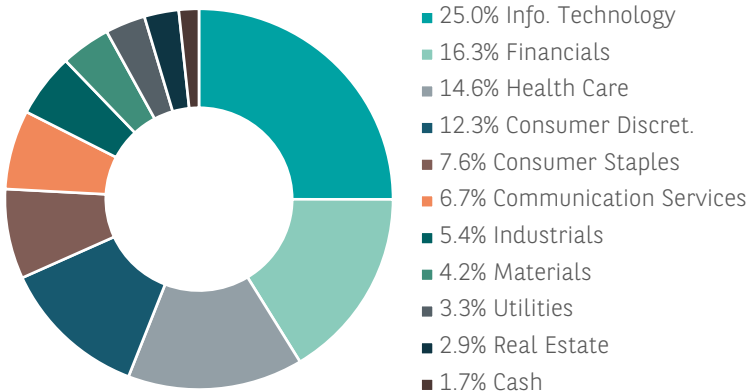
Source: C WorldWide Asset Management, in AUD. \*Benchmark was originally a customized index which changed on 31 March 1996 to MSCI World Index and subsequently on 31 December 2010 to MSCI All Country World Index. Ex-Tobacco strategy inception May 1991. The Trust performance commenced on 27 May 2013. 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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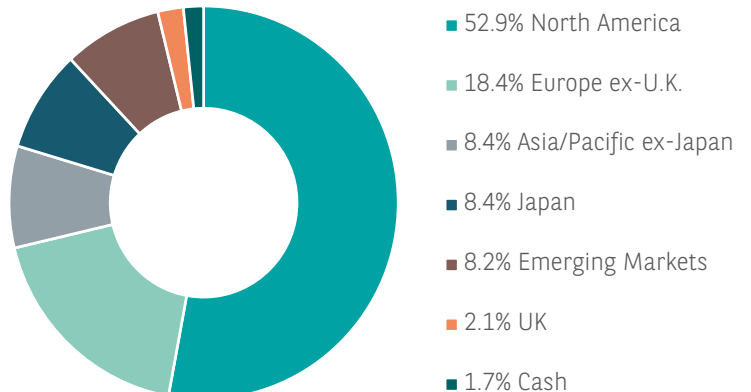


## SECTOR ALLOCATION



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

## REGIONAL ALLOCATION



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 PERSPECTIVES

The second quarter marked the end of the worst first half-year since 1970 for US equity markets and the worst first half-year for global equity markets since the launch of the MSCI World index in 1986. This has clearly been a six-month period full of negative catalysts, such as the war in Ukraine, draconian lockdowns in China, continued supply chain disruptions, higher inflation, and an aggressive hiking cycle by the US Federal Reserve (Fed) supplemented by quantitative tightening. There are some signs though that inflation is peaking with U.S. 10-year rates down close to 50bps from the high mid-month. Furthermore, many cyclical commodities are down substantially from their highs, copper for instance by 25% since the highs in March, signalling the anticipation of a weaker economy and rising chances of a Fed that need to become more dovish at the end of the year, a development that should support heavily de-rated growth stocks. There are also tentative signs that the Chinese lockdowns seem to be getting less restrictive something that supported Chinese equity markets during the month. If the lockdowns are eased further this would remove one dampening effect on the global economy.

### PORTFOLIO PERSPECTIVES

In the quarter, the strategy marginally outperformed the benchmark. The top contributors for the quarter were AIA, American Tower, and Novo Nordisk. After a long period of transforming its agency network in China from a mass-market sales force to more modern distribution channels, AIA in May saw a development of increasing numbers of agents. While it is too early to tell if the transformation is complete, so far this year AIA has reduced its number of agents by only four percent and may now see increases in all regions in China. After very strong momentum all year in its obesity franchise, the market now expects another upgrade to guidance when Novo Nordisk reports results in early August. Furthermore, the third quarter is full of catalysts with phase 2 data on CagriSema in type two diabetes and supply updates for Wegovy among the most anticipated. The shares traded strongly ahead of these events. American Tower benefitted from investors flight-to-quality during the quarter.

The top three detractors were Amazon, Alphabet and ASML. Equity prices of technology companies with exposure to the digital ad market, such as Alphabet and Amazon suffered after the competitor Snapchat preannounced negative results and pointed to broad-based weakness in digital ads across regions and verticals. There are some reasons to believe that this could mostly be an issue for Snapchat and not the broader group of all digital ad companies. Snap has minimal exposure to the travel segment and with consumers shifting spending to travel away from buying merchandise, Snap could be a relative loser.

The semiconductor industry experiences a downturn every 3-4 years often triggered by GDP growth falling below 3%. Increasing pressure on more consumer-focused products such as PCs, 5G Phones and gaming cards and their related chips, could now also start to spill over into datacenter- and cloud-related semiconductors where demand still has held up. The average semiconductor downturn sees 12-month forward P/E-ratios falling on average by 26%. This downturn, however, has so far seen P/E-ratios falling by 42%, suggesting the bottom in semiconductor stocks could be near. While this does not consider high starting valuations, one supporting factor is the more structural growth we now see in the semiconductor sector as increasing penetration of chips in everything from smartphones, cars, and sensors are helping to offset the cyclical headwinds.

### PORTFOLIO CHANGES

During the quarter we sold the investment in Unilever and added the industrial gas company Linde. Linde together with Air Liquide and Air Products forms an oligopoly in the western industrial gas industry. As these suppliers of compressed oxygen, nitrogen and other gases are highly integrated with their customers and as contracts are long-term in nature, the revenue streams are highly predictable. Unilever has a disputable track record in value creation, especially from expensive bolt-on acquisitions in recent years. In addition, the more recent debacle around the GSK Consumer Health bid has reduced our faith in the management team's strategy on capital allocation.

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)	\$446.3m
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 and CWW as they do not provide financial services to retail clients in New Zealand and do 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.

