

# SPW Global High Quality Fund - Retail

June 2021

## Objective

The fund aims in AUD to outperform the MSCI Daily World Total Return Net World Index, after management costs and usual expenses, over rolling 3 to 5 year periods.

## Strategy

The fund is an actively managed portfolio of global equities with a high quality bias and which are listed on recognised exchanges. The fund is exposed principally to high quality international listed companies. It seeks to invest in companies with predictable revenue growth that produce sustainable economic value over the long-term. The fund can have material exposure to cash where the portfolio manager considers this appropriate. Regional positioning is driven by bottom-up stock selection. The investment exposure is not subject to any geographical restrictions except that exposure to 'emerging' market listed companies is limited to no more than 30% of the assets. Sector positioning is also driven by bottom-up stock selection, and the investment exposure is not subject to any sector restrictions.

## Investment approach

### 1 Generation of stock ideas

- Screening process based upon a range of metrics
- Meetings with company management and investor relations
- Utilise external and sell-side research sources

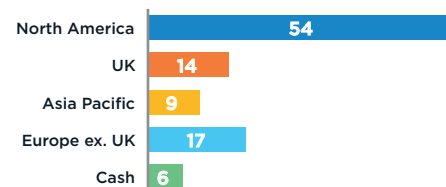
### 2 Fundamental analysis

- Rigorous and detailed bottom-up company analysis
- Focus on the capital structure of the business
- Look for strong and sustainable competitive advantages
- A strong and growing free cash flow trend over time

### 3 Portfolio construction

- Active management, constantly revisiting the thesis
- Understanding of risk-reward trade-off
- Buy and sell discipline based on fundamental valuation
- Risk is viewed as a permanent loss of capital

## Country allocation (% nav)



Geographical allocation as at 30.06.2021

## Sector allocation

(excl cash)	Weight %	Index %
Communication Services	15.7	9.1
Consumer Discretionary	11.7	12.0
Consumer Staples	16.6	7.0
Energy	0.0	3.2
Financials	0.0	13.6
Health Care	29.6	12.6
Industrials	3.9	10.6
Information Technology	16.2	22.1
Materials	0.0	4.4
Real Estate	0.0	2.7
Utilities	0.0	2.7

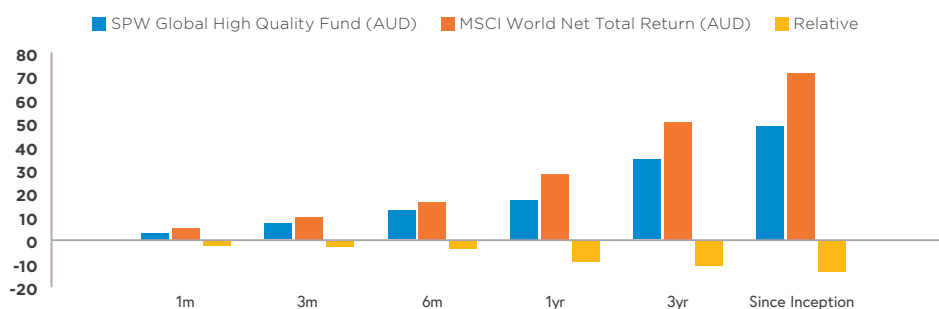
Sources: SPW/Bloomberg/MSCI

## Top 10 holdings

		Weight %
Alibaba	Consumer Discretionary	4.9
Anthem	Health Care	4.7
Alphabet	Communications	4.5
Facebook	Communications	4.4
Fiserv	Information Technology	4.2
Becton Dickinson	Health Care	4.1
General Dynamics	Industrials	3.9
British American Tobacco	Consumer Staples	3.8
Novartis	Health Care	3.6
Tencent	Communications	3.6

## Performance

### SPW Global High Quality Fund performance vs MSCI World (since inception)



	1m	3m	6m	1yr	3yr	Since Inception
SPW Global High Quality Fund	2.7%	6.8%	12.3%	16.7%	34.0%	48.3%
MSCI World Net Total Return	4.8%	9.5%	16.0%	27.8%	50.0%	70.8%
Relative	-2.0%	-2.4%	-3.2%	-8.7%	-10.6%	-13.1%

Returns to 30.06.2021

Past performance is not a reliable indicator of future performance.

## Monthly commentary

The SPW Global High Quality Fund underperformed the MSCI World Index during the month by 2.0%, with the fund up 2.7%, with the index up 4.7%. The best performing stock during the month was Microsoft (+11.9%). Microsoft continues to be a core holding for the Global High Quality Fund. Digital transformations at many businesses shifts the market opportunity for Microsoft from IT to overall operating expenditure spend, greatly expanding the market. If IT doubled from 5% of GDP to 10%, there would be an incremental \$4 trillion IT spend opportunity for the company. With opportunities in machine learning, data management and networking, we see Microsoft as very well placed for future growth. Other strong performers during the month were Roche (+11.8%) and Alibaba (+9.3%). In terms of laggards, Philips (-9.2%) and Sabre (-7.1%) struggled. Philips have had to recall a product from its Sleep and Respiratory division. Despite this set back the company still expect to be within previously announced guidance due to strength in other business units.

## Key fund information

<b>Launch date:</b>	3 May 2017
<b>Investment manager:</b>	Sanlam Private Wealth (Pty) Ltd. ABN 18 136 960 775
<b>Portfolio Manager:</b>	Sanlam Private Investments (UK) Ltd
<b>Responsible Entity:</b>	Equity Trustees Limited ABN: 46 004 031 298. AFSL: 240975
<b>Tel:</b>	+61 (2) 8245 0501
<b>Email:</b>	sydney@privatewealth.sanlam.com.au
<b>Web:</b>	www.sanlamprivatewealth.com.au
<b>Portfolio manager:</b>	Pieter Fourie
<b>Deputy portfolio manager:</b>	William Ball
<b>Fund regulator:</b>	Australian Securities and Investments Commission
<b>Fund domicile:</b>	Australia
<b>Fund administrator</b>	Mainstream Fund Services
<b>Custodian:</b>	JP Morgan
<b>Other available share classes:</b>	Retail
<b>Initial charge:</b>	None
<b>Currency:</b>	Australian Dollar (AUD)
<b>Dealing times:</b>	9am - 5pm daily AEST
<b>Benchmark:</b>	MSCI Daily World Total Return Net World Index AUD
<b>Management costs:</b>	1.20% p.a. of the NAV of the class
<b>Buy/sell spread:</b>	0.20% / 0.20%
<b>Distributions:</b>	At least annually (end of June), and unless you choose otherwise, distributions are automatically reinvested
<b>Minimum investment:</b>	\$10,000
<b>Exit penalties:</b>	None
<b>Share price at 30.06.2021:</b>	APIR NAV per unit ETL8834AU AU\$ 1.2336

## Fund characteristics 30.06.2021

(excl cash)	Portfolio	Index
Fund Size (AUD millions)	23	
Number of Holdings	32	1562
Average Market Cap (A\$ billions)	381	46
Return On Equity	21%	10%
Price/Earnings**	20	20
Free Cash Flow Yield	4.7%	5.7%
Dividend Yield **	1.7%	1.7%

\*\* 12 months forward Sources: SPW/Bloomberg/MSCI  
^YUM, PM not included due to low or negative equity caused by changes to the balance sheet

## Important information

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the SPW Global High Quality Fund. 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). This document has been prepared to provide you with general information only. In preparing this document, 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 Equity Trustees nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should consider the Product Disclosure Statement ("PDS") before making a decision about whether to invest in this product. The PDS can be obtained by visiting [www.eqt.com.au/insto](http://www.eqt.com.au/insto) or request a copy by calling the Investment Manager Sanlam Private Wealth (Pty) Ltd. on +61 2 8245 0501 or emailing them at [sydney@privatewealth.sanlam.com.au](mailto:sydney@privatewealth.sanlam.com.au). Past performance is no indication of future performance.

Pieter Fourie, CFA CA (SA)  
Head of Global Equities



As Head of Global Equities, Pieter is the lead fund manager for the Sanlam Global High Quality Equity Fund having joined the firm in mid 2012. His responsibilities include the design, management and implementation of our global equity client offering including segregated mandates for high net worth individuals. Pieter oversees a team of five analysts focusing on global and UK equities across multiple industries. Current assets under management managed by the investment team in direct global and UK equity mandates is more than US\$2.1bn.

William Ball  
Senior Equity Analyst



William is a senior equity analyst, who is the deputy fund manager of the Sanlam Global High Quality Fund. Additionally, in conjunction with the Head of Global Equities, William is responsible for global equity research and managing the high net worth global equity mandates and the global equity offering. He has over 13 years of investment experience and a track record of investing in equities. Prior to joining Sanlam in 2009, William worked at Brown Shipley before moving to Merrill Lynch.

## Sanlam Private Wealth

E [sydney@privatewealth.sanlam.com.au](mailto:sydney@privatewealth.sanlam.com.au) T +61 (2) 8245 0501. Sanlam Private Wealth is a trading name of Sanlam Private Wealth (Pty) Ltd. ABN 18 136 960 775. Registered office: Level 2, 33 York Street, Sydney, NSW 2000.