

# SPW Global High Quality Fund - Retail

## September 2023

### 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

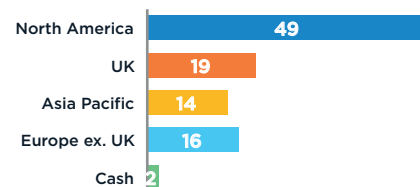
#### 2 Fundamental analysis

- 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 30.09.2023

### Sector allocation

(excl cash)	Weight %	Index %
Communication Services	13.5	7.3
Consumer Discretionary	9.5	10.9
Consumer Staples	19.1	7.2
Energy	0.0	5.2
Financials	16.2	15.0
Health Care	18.6	12.8
Industrials	3.3	10.8
Information Technology	17.8	21.7
Materials	0.0	4.1
Real Estate	0.0	2.3
Utilities	0.0	2.6

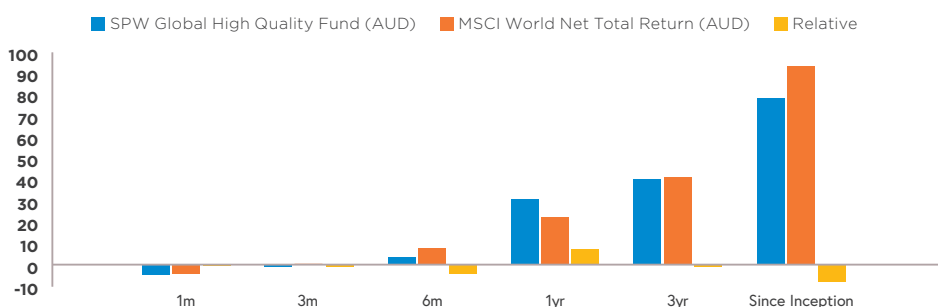
Sources: SPW/Bloomberg/MSCI

### Top 10 holdings

		Weight %
SAP	Information Technology	5.2
Samsung	Information Technology	5.2
London Stock Exchange Group	Financials	4.9
NetEase	Communications	4.7
Fiserv	Financials	4.3
Visa	Financials	4.2
Microsoft	Information Technology	3.8
British American Tobacco	Consumer Staples	3.8
Alphabet	Communications	3.8
Thermo Fisher	Healthcare	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	-4.3%	-0.8%	3.2%	30.1%	39.7%	77.8%
MSCI World Net Total Return	-3.9%	0.0%	7.3%	21.8%	40.6%	92.5%
Relative	-0.4%	-0.8%	-3.8%	6.8%	-0.7%	-7.7%

Returns to 30.09.2023

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 0.4%, with the fund down -4.3%. The best performing stock during the month was Novartis (+2.1%). Over the last few years Novartis have transformed from being a medical conglomerate into a fully focused pharmaceutical behemoth. They have divested their consumer health business, their eye care division (called Alcon), they have sold their large stake in Roche, and are listing their generics business, called Sandoz, in October. This will allow them to focus on producing blockbuster drugs, something they have historically had a mixed track record in doing. These changes have been recognised by the market positively. Since the market peaked in early 2022, Novartis has been one of our best performing names. We now see the risk reward less favourably and have exited the name. Other strong performers during the month were Akamai (+1.7%) and Electronic Arts (+1.5%). In terms of laggards, Kering (-14.5%) and Bayer (-12.0%) underperformed. The luxury goods industry has been under pressure this year as the Chinese consumer has been less resilient than expected. New Creative Director for Gucci, Sabato de Sarno, debuted his first collection to generally positive reviews. However, a negative broker note weighed on sentiment.

## 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>	Melbourne Securities Corporation Limited ACN: 160 326 545 AFSL: 428289
<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 30.09.2023:</b>	APIR NAV per unit ETL8834AU AU\$ 1.2948

## Fund characteristics 30.09.2023

(excl cash)	Portfolio	Index
Fund Size (AUD millions)	6	
Number of Holdings	33	1510
Average Market Cap (A\$ billions)	350	57
Return On Equity	22%	14%
Price/Earnings**	18	20
Free Cash Flow Yield	5.7%	4.1%
Dividend Yield **	2.0%	2.1%

\*\* 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

This document is issued by Sanlam Private Wealth (Pty) Ltd (ABN 18 136 960 775, AFSL 337927) (Manager), in relation to the SPW Global High Quality Fund (Fund). Melbourne Securities Corporation Limited (ACN 160 326 545, AFSL 428289) (Trustee) is the trustee of the Fund. The information provided in this document is general information only and does not constitute financial advice or a forecast, nor does it constitute tax or legal advice. The information in this report has been prepared without taking into account your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, consider its appropriateness and the relevant Information Memorandum. The Product Disclosure Statement which details the features and the fee arrangements of the Fund is available via the website <https://sanlamprivatewealth.com.au/>. The manager, the Trustee, their affiliates, and associates accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. All investments carry risks. There can be no assurance that the Fund will achieve its targeted rate of return and no guarantee against loss resulting from an investment in the Fund or the repayment of capital or income invested in the Fund. Past fund performance is not indicative of future performance. Before acting on any information contained in this document, recipients should consider the appropriateness of the information provided and should consider consulting a qualified financial advisor.

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.

The Fund's Target Market Determination is available here <https://sanlamprivatewealth.com.au/> A Target Market Determination is a document which is required to be made available from 5 October 2021. It 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.