

# European Equity Fund

'F' shares, USD Hedged (Portfolio - AC) As at end May 2020



## Objectives and investment policy summary

The Fund aims to provide long-term capital growth.

The Fund invests primarily in the shares of European companies or companies which carry out a large proportion of their business activities in Europe.

Derivatives (financial contracts whose value is linked to the price of an underlying asset) may be used for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

## Monthly and annual average performance (%)

|                         | 1 month | 1 year | 3 years<br>annualised | 5 years<br>annualised | Since launch<br>annualised |
|-------------------------|---------|--------|-----------------------|-----------------------|----------------------------|
| Fund - F Acc USD Hedged | 4.2     | -1.2   | 0.2                   | 2.9                   | 5.6                        |
| Benchmark               | 4.6     | -4.4   | -1.7                  | 0.0                   | -0.6                       |

## Calendar year performance (%)

|                         | YTD   | 2019 | 2018  | 2017 | 2016 | 2015 |
|-------------------------|-------|------|-------|------|------|------|
| Fund - F Acc USD Hedged | -11.5 | 18.9 | -12.2 | 19.3 | 7.3  | 11.9 |
| Benchmark               | -16.2 | 23.8 | -14.9 | 25.5 | -0.4 | -2.8 |

## Rolling 12 month performance (%)

|                         | 31.05.19<br>-31.05.20 | 31.05.18<br>-31.05.19 | 31.05.17<br>-31.05.18 | 31.05.16<br>-31.05.17 | 31.05.15<br>-31.05.16 |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fund - F Acc USD Hedged | -1.2                  | -4.8                  | 7.0                   | 19.9                  | -4.5                  |
| Benchmark               | -4.4                  | -5.2                  | 4.8                   | 17.0                  | -9.9                  |

For general information and/or marketing purposes

Investors must read the Key Investor Information Document and Prospectus prior to investing

## Key facts

Portfolio manager: Ken Hsia

Fund size: USD 1.5bn

Fund launch date: 25.01.85

F Acc USD Hedged share class launch date: 14.07.14

Domicile: Luxembourg

Sector: Morningstar Other Equity

Benchmark: MSCI Europe Net Return 100% Hedged to USD

'F' share class dealing currency: USD

Risk and reward profile (KIID SRRI): 6 out of 7

## 'F' Acc Share class charges

Maximum initial charge: 5.00%

Ongoing charge: 2.11%

The Fund may incur further expenses (not included in the above Ongoing charge) as permitted by the Prospectus.

## Other information

Pricing: 16:00 New York Time (forward pricing)

Minimum investment:

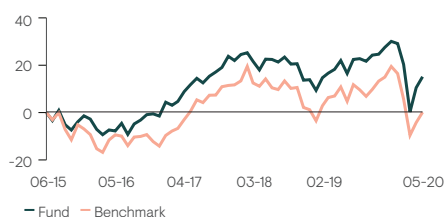
USD3,000 lump sum

'F' Acc USD Hedged

ISIN: LU1078026140 Bloomberg: IGSFPHD

CUSIP: L5443V581Sedol: BNG8WK2

## Performance (%)



## Risk statistics

|                               | 3<br>years | 5<br>years |
|-------------------------------|------------|------------|
| Annualised alpha (%)          | -1.1       | -0.2       |
| Beta                          | 1.1        | 1.0        |
| Annualised information ratio  | -0.3       | -0.1       |
| Annualised tracking error (%) | 4.7        | 4.8        |
| Annualised volatility (%)     | 15.2       | 13.8       |

Performance data source: © Morningstar, dates to 31.05.20, NAV based, (net of fees, excluding initial charges), total return, in US dollars. The Fund does not track an index, any index shown is for illustrative purposes only. Performance would be lower had initial charges been included as an initial charge of up to 5% may be applied to your investment. This means that for an investment of \$1,000, \$950 would actually be invested in the Fund.

Past performance should not be taken as a guide to the future and there is no guarantee that this investment will make profits; losses may be made. If the currency of this share class differs from your domestic currency, your returns may increase or decrease as a result of currency fluctuations.

## European Equity Fund

### Top holdings (%)

|                  |      |
|------------------|------|
| Sanofi           | 4.3  |
| Nestle SA        | 3.6  |
| Roche Holding AG | 3.4  |
| SAP SE           | 3.0  |
| BP Plc           | 2.7  |
| Volkswagen AG    | 2.7  |
| CRH Plc          | 2.6  |
| Nn Group Nv      | 2.6  |
| Avast Plc        | 2.6  |
| Vivendi SA       | 2.4  |
| Total            | 29.9 |

Number of equity holdings: 59

### Sector analysis (%)

|                        |       |
|------------------------|-------|
| Financials             | 16.9  |
| Consumer Discretionary | 14.0  |
| Industrials            | 13.4  |
| Information Technology | 12.8  |
| Consumer Staples       | 12.6  |
| Health Care            | 11.2  |
| Energy                 | 6.5   |
| Communication Services | 4.4   |
| Materials              | 4.2   |
| Utilities              | 3.8   |
| Cash                   | 0.2   |
| Total                  | 100.0 |

### Geographic allocation (%)

|                    |       |
|--------------------|-------|
| United Kingdom     | 24.6  |
| France             | 16.3  |
| Netherlands        | 13.2  |
| Germany            | 10.6  |
| Switzerland        | 10.3  |
| Italy              | 6.0   |
| Austria            | 4.6   |
| Spain              | 3.7   |
| Sweden             | 3.6   |
| Poland             | 2.0   |
| Russian Federation | 1.6   |
| Finland            | 1.4   |
| Turkey             | 1.0   |
| Iceland            | 0.9   |
| Cash               | 0.2   |
| Total              | 100.0 |

### Top & bottom stock weightings vs benchmark (%)

|                                |      |
|--------------------------------|------|
| Sanofi                         | 2.9  |
| Avast Plc                      | 2.6  |
| Nn Group Nv                    | 2.5  |
| Bawag Group Ag                 | 2.3  |
| Crh Plc                        | 2.3  |
| Novo Nordisk A/s               | -1.5 |
| Lvmh Moet Hennessy Louis Vuitt | -1.5 |
| Asml Holding Nv                | -1.8 |
| Astrazeneca Plc                | -1.8 |
| Novartis Ag                    | -2.4 |

### Top & bottom sector weightings vs benchmark (%)

|   |      |
|---|------|
| Software & Services                           | 6.1  |
| Consumer Services                             | 3.0  |
| Retailing                                     | 2.8  |
| Commercial & Professional Services            | 2.6  |
| Diversified Financials                        | 2.6  |
| Capital Goods                                 | -2.0 |
| Consumer Durables & Apparel                   | -2.1 |
| Household & Personal Products                 | -2.4 |
| Materials                                     | -3.2 |
| Pharmaceuticals Biotechnology & Life Sciences | -6.6 |

### Top & bottom country weightings vs benchmark (%)

|                    |      |
|--------------------|------|
| Netherlands        | 5.9  |
| Austria            | 4.3  |
| Italy              | 2.7  |
| Poland             | 2.0  |
| Russian Federation | 1.6  |
| Sweden             | -1.0 |
| Belgium            | -1.4 |
| Germany            | -3.6 |
| Denmark            | -3.7 |
| Switzerland        | -6.4 |

The portfolio may change significantly over a short period of time. This is not a buy or sell recommendation for any particular security. Figures may not always sum to 100 due to rounding.

The yield information has been calculated as at 31.05.20. Where FTSE data is shown, source: FTSE International Limited ("FTSE") © FTSE 2020. Please note a disclaimer applies to FTSE data and can be found at [https://research.ftserussell.com/products/downloads/FTSE\\_Wholly\\_Owned\\_Non-Partner.pdf](https://research.ftserussell.com/products/downloads/FTSE_Wholly_Owned_Non-Partner.pdf). Where MSCI data is shown, source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. All other information is from Ninety One at 31.05.20.

### General risks

The value of these investments, and any income generated from them, will be affected by changes in interest rates, general market conditions and other political, social and economic developments, as well as by specific matters relating to the assets in which they invest. Past performance should not be taken as a guide to the future. The Fund's objectives will not necessarily be achieved and there is no guarantee that these investments will make profits; losses may be made. This Fund may not be appropriate for investors who plan to withdraw their money within the short to medium term.

### Specific fund risks

**Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

**Geographic / Sector:** Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow.

**Portfolio Currency Hedging:** Portfolio currency hedging aims to protect investors from a decline in the value of the primary currencies of the underlying investments, and investors may not benefit from an increase in the value of those currencies against the value of the share class currency. Where the underlying investments are denominated in currencies where the hedging costs are higher, for instance in emerging market currencies, the hedged returns can be significantly lower than the local currency returns. There can be no assurance that hedging strategies will be successful and such hedging can positively or negatively impact investors by inaccuracies in the operation of the hedge.

### Important information

This is an advertising communication. We recommend that you seek independent financial advice to ensure this Fund is suitable for your investment needs.

All the information contained in this communication is believed to be reliable but may be inaccurate or incomplete. Any opinions stated are honestly held but are not guaranteed and should not be relied upon.

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### Glossary summary

**Alpha:** Jensen's alpha is a risk adjusted measure of a fund's performance relative to its performance comparison benchmark.

**Beta:** A measure of the volatility of a fund relative to its performance comparison index, i.e. how sensitive the fund is to movements in the market. A figure greater than 1 indicates that the fund will tend to outperform in a rising market and under perform in a falling one, i.e. is more volatile than the market. The reverse applies to a Beta of less than 1.

**Credit rating:** A score awarded by an independent rating agency to indicate the financial strength of the issuer of a bond, and the potential for a default on interest and principal payments. The top credit rating is 'AAA'. The lowest rating to be considered 'investment grade' is 'BBB'. Below 'BBB', bonds are termed 'sub investment grade' or 'high yield'.

Average credit ratings are based on the individual bond ratings issued by the ratings agencies. For each bond, the ratings issued by each agency are combined to form a single rating based on the methodology that most closely matches the performance comparison index (PCI), otherwise median is typically used where there is no PCI. The portfolio rating is the weighted average of the above bond ratings.

#### Distribution types

**Accumulation (Acc):** An accumulation share will not make income payments to shareholders but will instead accrue the income daily in the net asset value of the share class.

**Income (Inc):** An income share will distribute all or part of the income accruing in that share class.

**Income-2 (Inc-2):** These distribute the income accruing in the share class and charge all their expenses to capital. This maximises the income available for distribution – although it also reduces capital by an equivalent extent which could constrain future capital and income growth. This can be inefficient from a tax perspective in those countries where income tax rates are higher than those on capital gains.

**Income-3 (Inc-3):** These share classes are similar to Inc-2 share classes in that they charge all their expenses to capital in order to maximise the amount of distributable income. Additionally, Inc-3 share classes aim to provide a consistent distribution rate which is based on the investment manager's expectation of the long term underlying yield. To achieve this they may make distributions from capital or carry over excess income from one calendar year to the next. As the income rate is based on a forecast, there is a risk that future income generated by the fund is overestimated leading to distributions being taken from capital which could also constrain future capital and income growth.

**Duration:** This is a measure of risk for funds which invest in bonds as it predicts the sensitivity of the value of a fund's portfolio given changes in interest rates. The higher the value the greater the volatility of the fund's performance resulting from changes to interest rates. The Modified duration is shown.

**GSF:** Investec Global Strategy Fund.

**Information ratio:** A measure of a portfolio manager's skill against a performance comparison index. The over or underperformance of the fund relative to its performance comparison index is divided by the tracking error. In this way, we arrive at the value, per unit of extra risk assumed, that the manager's decisions have added to what the market would have delivered anyway. The higher the Information Ratio the better.

**KIID SRRI:** The Synthetic Risk Reward Indicator (SRRI) which appears in the Key Investor Information Document (KIID). A number on a scale of 1 to 7 based on how much the value of a fund has fluctuated over the past 5 years (or an estimate if the fund has a shorter track record). A rating of 1 represents the lower end of the risk scale with potentially lower rewards available whilst a rating of 7 reflects higher risk but potentially higher rewards.

**Maturity profile:** The average life of each bond in a fund's portfolio, weighted by value.

**Morningstar 'star' ratings:** The overall rating for a fund, often called the 'star rating', is a third party rating derived from a quantitative methodology that rates funds based on an enhanced Morningstar™ Risk-Adjusted Return measure. 'Star ratings' run from 1 star (lowest) to 5 stars (highest) and are reviewed at the end of every calendar month. The various funds are ranked by their Morningstar™ Risk-Adjusted Return scores and relevant stars are assigned. It is important to note that individual shareclasses of each fund are evaluated separately and their ratings may differ depending on the launch date, fees and expenses relevant to the share class. In order to achieve a rating the share class of a fund must have a minimum three-year performance track record.

**Ongoing charge:** This figure includes the annual management fee and administrative costs but excludes any performance fee or portfolio transaction costs (except in the case of an entry or exit charge paid by a fund when buying or selling units in another fund). Ongoing charges may vary from year to year.

**NAV:** The Net Asset Value (NAV) represents the value of the assets of a fund less its liabilities.

**Sector:** A peer group of funds managed to a similar investment policy. Not every fund will have a relevant sector, but for those that do, a full list of the funds included in the sector can be obtained from us on request.

**Tracking error:** A measure of how much a fund's returns deviate from those of its performance comparison index. The lower the number the closer the fund's historic performance has followed that of its performance comparison index.

**Volatility:** The amount by which the performance of a fund fluctuates over a given period.

**YTD:** Year to date.

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