



Mirabaud - Global Equity High Income

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PERFORMANCE UPDATE

The Mirabaud Global Equity High Income Fund class rose +3.99% outperforming the MSCI AC World by +2.05%. Stock selection drove all the outperformance as allocation was neutral. There were many key contributors but the best performers were L Brands (+32%), Qualcomm (+26%) Sberbank (+16%), and Atresmedia (+12%). L Brands has been a turnaround story that has finally inflected as comparable same store sales are improving under new management. We bought the stock in May and suffered to begin with but at 11x earnings and a 6% dividend yield with a market leading franchise, we held the position in the belief that provided there was no dividend cut the shares would rebound strongly. This is now materialising. Qualcomm jumped as Broadcom bid \$70 for the company. This was highly opportunistic and rejected by Qualcomm. Sberbank continues its strong run since June and increased signs of economic pick up coupled with the mortgage penetration story is helping drive the shares. Atresmedia is a leading Spanish media company set to benefit from the Spanish economic recovery and the shares yield 4.8% and is paying a special dividend in December.

PORTFOLIO ACTIVITY

We sold our position in Qualcomm following the bid announcement from Broadcom. Going forward we believe the shares will be driven by mergers and acquisition news flow rather than fundamentals and hence reinvested the cash elsewhere. A position in Unilever was initiated as we used the underperformance of Consumer Staples year to date as a good relative entry point into this market leader. The company is highly focused on internal operational improvements following activism attempts earlier in the year and yielding nearly 3% we believe the shares are attractive. In addition we trimmed positions in technology holdings Microsoft and Primax Electronics.

MARKET REVIEW

The MSCI AC World returned +1.94% in November and has risen 22% year to date (USD). Japan led performance as the market rotated geographically out of Europe. Similarly at the sector level there was significant rotation with laggards thus far year to date; Consumer Staples, Consumer Discretionary and Telecommunications the best performers. Information Technology was the worst performer rising 1.1% but remains the stand out leader year to date rising 41%.

OUTLOOK

Sector bifurcation has been extreme this year with Technology the stand out performer. Going into the New year we are aware of the potential for profit taking and remain balanced with stock specific risk in the 70s and no one sector driving the risk profile. Sector performance has been driven by correlation to the US 10 year bond yields and with Trump pushing for tax reform before year end there remains the possibility of more sector rotation. We remain bottom up stock pickers but the macro is a risk we must continue to monitor.

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