



Mirabaud - Equities US

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PERFORMANCE UPDATE

The fund returned -0.18% for the month, outperforming by +1.06%. Selection drove the result, offsetting a slightly negative allocation impact (we own no utilities and no REITs). Selection was especially strong in Staples and Industrials. The strongest performers over the month were Broadridge Financial Solutions (+9.6%), Estee Lauder (+8.2%), and Edwards Lifesciences (+4.4%).

MARKET REVIEW

The S&P returned -1.24% for the month, and is now down -0.8% for the year after a very strong start in January. March's index performance was dragged down by Financials (-4.3%) and Materials (-4.2%), whilst Utilities (+3.8%) and Real Estate (+3.8%) outperformed meaningfully, as we completed a sector rotation from a position where no one was interested in buying bond proxies, to one where everyone was racing to own them.

As is so often the case, the truth probably lies somewhere in between these two poles. Energy was the only other sector in positive territory, with WTI starting the month at 62, and ending it at 65. The dollar continued to weaken, albeit at a

PORTFOLIO ACTIVITY

We started a position in Medtronic, the largest pure play medical devices company in the US. Medtronic focuses on 4 main therapy areas: Cardiac, Diabetes, Minimally Invasive Surgery, and Restorative surgeries (e.g. Spine). They are a direct beneficiary of the ageing population theme. The stock trades on a sub-market multiple, for steady, high single digit Earnings growth.

OUTLOOK

The economic backdrop in the US remains favourable; whether it can get any better is more questionable. The market spent most of 2017 ignoring bad news, but this has not continued into 2018. We started a new theme last year, "the end of Globalisation", and this seems to be playing out rapidly. The best case scenario we see is that Trump talks tough on trade and then backs down to a more reasonable position.

However this is an uncertain outcome, and the negative sentiment is weighing heavily on the market at the moment. We continue to treat the macro as a tail risk that we need to manage; our focus remains on identifying companies with genuine structural growth.

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