



Strategic Global Quality Fund

September 2022 Fund Commentary



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Retail Marketing Communication / Publicité / Financial Promotion addressed to investors in the countries mentioned in the disclaimer, related to **E.I. Sturdza Funds plc – Strategic Global Quality Fund** – (hereinafter referred to as the “Fund”) a sub-fund of E.I. Sturdza Funds plc, an Irish open-ended umbrella investment Company with variable capital – UCITS (“the Company”).

Market Development

September proved to be a difficult month for global equity markets. The MSCI World declined by 9.3% on the back of: continued pressures arising from high inflation, leading to expectations that interest rates will keep rising; the continued disastrous situation in Ukraine and subsequent effects on the energy markets; continued shrinkage of the US Federal Reserve balance sheet; and the COVID lock down in China.

Outlook

Until the Federal Reserve changes its course in relation to balance sheet tightening or the interest rate increase, the conditions for risk assets will remain difficult. Recent inflation data only confirms that the trajectory is unlikely to change in the very short term, unless there are major shocks to the world economic system. Recent events in the United Kingdom, while partially home-made, show that the markets are not treating weak situations kindly – we should be prepared for more volatility to come. Valuations in equity markets outside the United States are now beginning to be attractive, while the United States still has room to fall.

Fund Performance

The Fund outperformed the Index by 0.46%* in September. Allocation effect was positive during the month (+1.63%), whilst stock selection effect was negative (-1.05%). The largest positive contributor (+0.72%) was the higher than normal level of cash during the month (6-7% on average), followed by the allocation to the Consumer Staples sector (0.35%).

Individual Stocks

There were no significant contributors (above 25 bps), although a broad selection of names contributed positively – SAP, Wolters Kluwer, Maravai, Worldline and Pernod Ricard.

On the other side, two stocks cost performance 50 bps each – IFF and SIG. We have commented on both these stocks during recent months:

IFF is a leading player in the ingredients industry and is digesting the effect of the Dupont merger. New management was recently appointed and they are focused on extracting synergies of the combined new business. The stock has been derated somewhat given the leverage is high at the moment (above 4x EBITDA), but outlined disposals, in addition to free cash flow, should bring this down rapidly to 3x within 12-18 months. Management is expected to enhance and upgrade various KPIs and synergy targets at the CMD in December.

SIG remains well positioned, but the valuation of the stock means that it is vulnerable to derating in a rising interest rate environment.

Investment Approach

A valuation driven investment approach aiming to buy high-quality businesses at discounted prices. Quality being defined as companies which are market leaders, benefit from long-term structural growth, have high margins and low capital intensity. The Fund has a structural bias towards consumer, healthcare, IT and generally avoids high cost of capital sectors such as insurers, utilities and the oil and gas majors.

Investment Objective

To achieve long term capital growth.

A sub-fund of E.I. Sturdza Funds plc.

Registered in Ireland.

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* A USD Class. For detailed performance information based on complete 12-month periods since inception, please refer to page 2.



Performance Data As at end of September 2022

Annualised Return %

	1M	3M	1Y	3Y	5Y	Ann. SI
A USD Class	-8.84	-7.86	-18.18	-1.15	2.87	5.34
MSCI World NR USD	-9.30	-6.19	-19.63	4.56	5.30	8.95

Calendar Year Return %

	YTD	2021	2020	2019	2018	2017	SI
A USD Class	-23.06	14.20	7.99	22.77	-6.84	29.01	41.13
MSCI World NR USD	-25.42	21.82	15.90	27.67	-8.71	22.40	76.34

12 Month Returns %

	01/10/2021 - 30/09/2022	01/10/2020 - 30/09/2021	01/10/2019 - 30/09/2020	01/10/2018 - 30/09/2019	01/10/2017 - 30/09/2018
A USD Class	-18.18	13.61	3.90	8.19	10.24
MSCI World NR USD	-19.63	28.82	10.41	1.83	11.24

Benchmark: MSCI World NR USD

Source of graphs and tables: Morningstar.

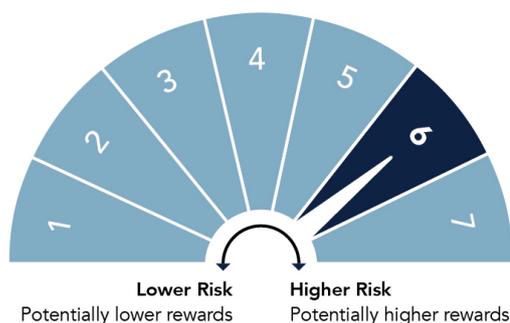
Past performance may not be a reliable guide to future performance. Returns could be reduced, or losses incurred, due to currency fluctuations.

The performances presented are shown after deduction of ongoing charges and performance fees. Any entry or exit fees are excluded from this calculation. Dividends reinvested. Benchmark: MSCI World NR USD. Same reference period as for the class: Net Return, dividend reinvested. The reference benchmark of this class is used for performance comparison purposes only. The performance of the benchmark is not indicative of past or future performance of the Fund. Reference periods:

- Annualised Returns as of the date of the reporting over the defined period. Data less than 1 year is not annualised.
- Calendar Year Returns: Annual Performance for the stated calendar year.
- 12 Month Returns: performance for the stated time frame.

When the currency presented differs from yours, changes in exchange rates may have an adverse effect on the value price or income of the product. Class currency hedging is used on non base currency classes aiming to reduce the impact of currency risk. The performance and NAVs of all classes may be obtained at ericsturda.com. Please refer to the glossary at ericsturda.com/glossary for further explanation on specific terminologies.

Risk & Reward Indicator ("SRRI") & Inherent Risks



The risk indicator is based on historical data and may not be a reliable indicator of the future risk profile of the Fund, is not guaranteed and may change over time. The lowest category does not mean risk free.

The risk indicator for the Fund is set at 6, which reflects the historic price behaviour of the Fund. The sub-fund may be subject to high volatility.

Factors that affect the indicator include: Investments in equity securities are subject to fluctuations in value dependent on market conditions which will directly affect the value of investments. The Fund may hold a sizeable exposure to a single country which may increase the risk of investing when compared to a fund that invests in a globally diversified range of countries. The Fund invests in a concentrated portfolio that may potentially focus on one or more sectors or industries. The range of investments may increase the risk profile of the Fund compared to a more diversified portfolio across sectors and industries. Additional Risks: Currency, Custody and Settlement, Financial Derivatives, Liquidity, Operational and Taxation risks. For more information about potential risks, please refer to the Key Investor Information Document (KIID), the Prospectus and Supplement available at ericsturda.com/literature/.

Ratings & Awards



Morningstar Sustainability Rating



Awards Disclaimer - The Strategic Global Quality Fund - A USD share class has a Morningstar rating of 3 stars overall and 3 stars over 5 Years. Morningstar Rating™ as of 30/09/2022.

The Strategic Global Quality Fund received a Morningstar 3 Globe Sustainability Award. Sustainability Rating as of 31/08/2022. Out of 7,780 Global Equity Large Cap funds as of 31/08/2022. Based on 100.00% of AUM. Historical Sustainability Score as of 31/07/2022. Sustainability provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score. Data is based on long positions only.

The Strategic Global Quality Fund received a Morningstar Low Carbon Award. Carbon Metrics as of 30/06/2022. Based on 96.03% of AUM. Data is based on long positions only.

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