



Strategic Europe Quality Fund

December 2021 Fund Commentary

Retail Marketing Communication / Publicité / Financial Promotion addressed to investors in the countries mentioned in the disclaimer, related to **E.I. Sturdza Funds plc – Strategic Europe 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”).

In 2021, the Strategic Europe Quality Fund returned 22.50%*, broadly in line with the MSCI Europe at +25.13%. Sector allocation was the main drag on performance for the year due to the Fund’s relative overweight in Consumer Staples. Stock Selection on the other hand, was positive. The top contributors to performance were Novo Nordisk, Nestle, Wolters Kluwer and AstraZeneca and the top detractors were JDE Peet’s, S4 Capital, MTU and Smith & Nephew.

As previously mentioned, Phileas Asset Management took on the role of Fund manager from Lofoten Asset Management on 1st November 2021.

In December, the Strategic Europe Quality Fund returned 4.99%* compared to 5.52% for the MSCI Europe. Sector Allocation was neutral while Stock Selection was down by 43 bps.

Compass Group had a good month; the company’s management is optimistic regarding the prospects for new business. The COVID crisis is accelerating the need for subcontracting in the catering industry, as health constraints make managing a canteen more complex. First time outsourcing has never been so dynamic. As such, we believe that Compass’ growth could be surprisingly good - all other things being equal - in the coming quarters.

Saint-Gobain and Schneider also performed well. Both companies are well positioned in the global decarbonisation effort. Exposed to green stimulus budgets, they benefit from favourable short, medium and long-term operating trends.

Stocks such as Kingspan, Puma, Richemont and Pandora rose, but less than the market, following their good performance this year. We remain confident in the growth potential of these companies.

Following a good run in 2021, we remain optimistic for Richemont’s upside potential. After several years of repositioning under the leadership of Cyrille Vigneron at Cartier, the Jewellery division has achieved one of the best growth rates in the Luxury Goods sector. At the same time, the E-commerce division is laying the groundwork for a change in business model (introduction of a market place, partnerships with other players), which should help curtail losses.

The rapid spread of the Omicron variant is not causing any major concerns in the market. On the macroeconomic front, indicators remain at high levels as shown by the ISM. To us, this seems to be the consensus view today. Following a V-shaped economic recovery, the potential for positive surprises seems more limited to us, which is consistent with a mid-cycle configuration.



Ludovic Labal
Portfolio Manager



Cyril Bertrand
Portfolio Manager

Investment Approach

The investment approach utilised by the Investment Adviser will be highly selective, focusing on corporate value based on cash flow (operating cash flow, free cash flow and earnings before interest and tax depreciation and amortization “EBITDA”) and the quality of the companies’ business models, rather than changes in earnings per share. Preference will be given to companies with high free cash flows, high levels of recurring revenue, franchise stocks (typically displaying low capital intensity and high return on capital) and undervalued growth companies. The Investment Adviser expects that the portfolio exposure will normally be concentrated in around 30-40 positions.

The Fund shall not invest in companies with a market capitalisation below Euro 300 million at the time of purchase.

Investment Objective

To achieve capital appreciation over the long term.

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

Registered in Ireland.

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



Performance Data As at end of December 2021

Annualised Returns %

	1M	3M	1Y	3Y	5Y	10Y	Annualised Inception
A EUR Class	4.99	6.90	22.50	12.19	8.32	11.46	10.05
Benchmark	5.52	7.68	25.13	15.10	8.50	9.62	8.11

Calendar Year Returns %

	YTD 2021	2020	2019	2018	2017	2016	Fund Inception
A EUR Class	22.50	-8.95	26.60	-6.63	13.09	-7.85	191.59
Benchmark	25.13	-3.32	26.05	-10.57	10.24	2.58	139.03

12 Month Returns %

	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
A EUR Class	22.50	-8.95	26.60	-6.63	13.09
Benchmark	25.13	-3.32	26.05	-10.57	10.24

Benchmark: MSCI Europe Net Total Return Index EUR

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

Source of graphs and tables: Morningstar. 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 Europe Net Total Return Index EUR. 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, there is a currency risk. 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 ericsturdza.com. Please refer to the glossary at ericsturdza.com/glossary for further explanation on specific terminologies.

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

1	2	3	4	5	6	7
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< Lower Risk

Potentially lower rewards

Higher Risk >

Potentially higher rewards

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 as 5, 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 invests with a focus on Europe 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 www.ericsturdza.com/literature/.



Important Information - The views and statements contained herein are those of Phileas Asset Management in their capacity as Investment Advisers to the Funds as of 07/01/2022 and are based on internal research and modelling.

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