

# Stewart Investors European Sustainability Fund



Stewart Investors



## Risk factors

This material is a financial promotion for the Stewart Investors European Sustainability Fund (VCC) intended for **retail and professional clients in the UK, and for professional clients only in Switzerland, the EEA and elsewhere where lawful.**

Investing involves certain risks including:

- > **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- > **Specific region risk:** investing in a specific region may be riskier than investing in a number of different countries or regions. Investing in a larger number of countries or regions helps spread risk.
- > **Currency risk:** the Fund invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Fund and could create losses. Currency control decisions made by governments could affect the value of the Fund's investments and could cause the Fund to defer or suspend redemptions of its shares.
- > **Smaller companies risk:** investments in smaller companies may be riskier and more difficult to buy and sell than investments in larger companies.

Where featured, specific securities or companies are intended as an illustration of investment strategy only, and should not be construed as investment advice or a recommendation to buy or sell any security.

All information included in this material has been sourced by Stewart Investors and is displayed as at 30 September 2023 unless otherwise specified and to the best of our knowledge is an accurate reflection as at this date.

For a full description of the terms of investment and the risks please see the Prospectus and Key Information Document.

**If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.**

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## Investment terms

View our list of [investment terms](#) to help you understand the terminology within this document.

## A portfolio of high-quality, pan-European listed companies contributing to a more sustainable world

This portfolio invests in companies that we consider to be the very best sustainability companies in Europe. These businesses have strong and competitive franchises, exceptional people and distinctive cultures, and resilient financials. Individually and collectively they are solving difficult problems, meeting critical needs, and helping bring about a more sustainable future.

By focusing on the highest quality and best sustainability companies in Europe, we believe we can offer an exciting portfolio that stands out from the crowd.

## Key facts

Fund launch	10 September 2021
Vehicle	Irish VCC
Portfolio co-managers	Rob Harley Lorna Logan
Investment team	11 analysts
Number of companies	30-45 (current 45)
Market capitalisation	All-Cap
Investment horizon	5-10+ years
Active share	95%
Anticipated name turnover	10-25%
Comparator benchmark	MSCI AC Europe Index
Annual management charge	Early bird fee: 0.30% Standard fee: 0.55%
Estimated ongoing charge figure (OCF)	Early bird fee: 0.40% Standard fee: 0.65% (maximum capped)
Currencies available	USD, EUR, SEK, CHF and GBP

## Why invest in European companies?

- > Europe is home to some of the highest quality companies in the world – companies whose long-term growth potential is directly linked to their ability to make the world more sustainable.
- > Europe has a high concentration of leading companies in sectors such as healthcare, industrials, clean energy and information technology. Many of these businesses long-term growth drivers, large addressable markets, international reach and recognition, broad exposure to both developed and emerging markets around the world, and diversified revenues.
- > Europe also has a large, varied and liquid universe of equities: five of the 30-plus stock exchanges have a market capitalisation approaching or exceeding EUR 1 trillion. Share buybacks and financial engineering are less prevalent in Europe than in some other parts of the world, and the region continues to have a strong dividend culture.
- > Social norms, economic incentives and regulations in many European countries provide an enabling environment for companies that aspire to lead on sustainability issues and bring sustainable technologies to local and international markets.

Read our articles [Reasons to invest in Europe](#) and [Is Europe leading the way in sustainable business?](#)

## Our approach to sustainable investing

Our process is deeply qualitative, based on fundamental, bottom-up research and analysis of the [sustainability](#) positioning of companies. We meet regularly with management teams, conduct site visits and commission third-party research. Our assessment of company sustainability focuses on:

- 1 Sustainability positioning of products and services
- 2 Quality of management and treatment of all stakeholders
- 3 Operational performance and environmental and social impacts
- 4 Ability to navigate sustainability headwinds and tailwinds, e.g. changing regulations and consumer trends

### Engagement

We invest time and energy in [engaging](#) and encouraging companies to improve their sustainability practices and product offerings.

### Voting

We do not outsource voting decisions or any part of the engagement process; this is a core part of our role.

### Exclusions

We have a detailed [exclusions policy](#) explaining the sectors and sorts of companies we will never invest in.

### Impact reporting

We provide full transparency of all holdings and investment rationales on [our website](#), including the contribution companies are making towards climate solutions, human development or the Sustainable Development Goals. A copy of our climate change statement is available on [our website](#).

## Portfolio and strategy characteristics

### Investment objective

Achieve attractive long-term capital growth and contribute to a more sustainable future.

### Investment universe

Pan-European companies from across the full market capitalisation spectrum.

### Investment strategy

Long-only, fundamental, bottom-up analysis and investment in high-quality companies well positioned to contribute to, and benefit from, sustainable development.

### Investment horizon

Long term, seeking to hold companies for 5-10 years, if not longer.

### Portfolio

Unconstrained all-cap portfolio. Relatively concentrated: 30-45 companies. High conviction: top 10 expected to account for 30-40% of assets.

Read more about our approach to investing on our [website](#)

## Top 10 holdings and performance review

Discrete annual performance Euro - class VI accumulation shares %	12 months to 30-Sep-22*	12 months to 30-Sep-23*	Performance over periods Euro - class VI accumulation shares %	Since launch annualised	1 year
Stewart Investors European Sustainability Fund (VCC) (net of fees)	-25.2	8.4	Stewart Investors European Sustainability Fund (VCC) (net of fees)	-4.3	8.4
MSCI AC Europe Index	-13.7	19.6	MSCI AC Europe Index	1.8	19.6

Company	Country	Sector	Portfolio (%)	Index (%)
Judges Scientific	UK	Industrials	4.2	-
Spectris	UK	Information Technology	4.0	-
Roche	Switzerland	Health Care	3.9	0.1
DiaSorin	Italy	Health Care	3.5	0.0
Unilever	UK	Consumer Staples	3.4	1.3
bioMérieux	France	Health Care	3.3	0.0
Atlas Copco	Sweden	Industrials	3.2	0.6
Beiersdorf	Germany	Consumer Staples	3.2	0.1
Halma	UK	Information Technology	3.1	0.1
Deutsche Post DHL Group	Germany	Industrials	3.0	0.4
			<b>34.8</b>	<b>2.6</b>

These figures refer to the past. Past performance is not indicative of future performance. For investors based in countries with currencies other than EUR, the return may increase or decrease as a result of currency fluctuations.

Source for Fund: Lipper IM/Stewart Investors. Data shown for the Stewart Investors European Sustainability Fund (VCC) and MSCI AC Europe Index. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management fee and other fund expenses), save that it does not take account of initial charges or switching fees (if any). Income reinvested is included on a net of tax basis. Source for MSCI AC Europe Index: FactSet, income reinvested net of tax. Since launch performance calculated from 10 September 2021. \*Under Financial Conduct Authority regulations, we are required to show performance for five complete 12-month periods however, performance for this fund does not exist for all five 12-month periods. Any stocks held/listed in non-index countries have economic activity >50% from European economies.

## Investment rationales

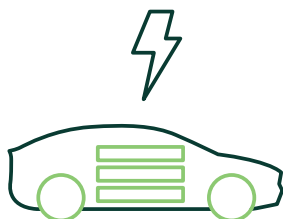
### High-quality discount food retailer



#### Jerónimo Martins

Jerónimo Martins operates high-quality, low-cost supermarkets across Poland, Portugal and Columbia. The company is over 230 years old and majority owned and stewarded by the Dos Santos family. Over 90% of their food products are sourced from local farmers, enabling them to expand their offering of healthy, fresh and organic foods. They have reformulated products to ensure lower sugar and salt content, and aim to halve the food waste they generate by 2030. A strong balance sheet enables them to pursue their international expansion ambitions.

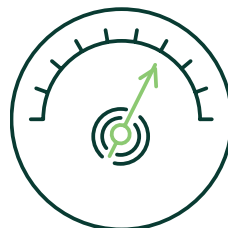
### EV charging stations and smart grids



#### Alfen

Alfen operates at the heart of the sustainable electrification revolution. The company has been a leading supplier of transformer substations for over 80 years, and is now helping build the electricity grids of the future. They provide and integrate electric vehicle (EV) charging stations, smart grids and energy storage systems. Their technologies enable electricity to be reliably and sustainably transformed, stored and distributed. They play a vital role in connecting solar farms and wind turbines to grids.

### Gas detection and analysis



#### Inficon

Inficon is a global leader in gas detection systems for semi-conductor, electric vehicle and renewable energy manufacturing processes. Their sensors and software contribute to reduced air, water and soil pollution, greater safety and efficiency of manufacturing processes, methane measurement in landfill sites and gas leak detection in batteries. The company is majority owned by the Frey Family and has an impressive, long-term focused management team.

### Laboratory automation and medical diagnostics



#### Tecan

Tecan is a global leader in laboratory automation devices and software for the life sciences and diagnostics sectors. Their products are used to support drug development, personalised medicine, diagnostics and genetic testing. Their tools help to increase sample throughput, minimise errors and improve productivity. The company generates healthy recurring revenues and has strong growth potential through geographic expansion, acquisitions and alliances, and new product development.

## The team behind this fund

- > We invest as a team. We draw on decades of [team](#) experience managing regionally-focused sustainability portfolios, and almost a decade of team experience investing directly in European companies through our various worldwide strategies. We are excited to apply this experience to a dedicated European Sustainability Fund.
- > The people responsible for this fund have all worked closely together on our Worldwide Sustainability All-Cap Strategy, which historically has invested 30-40% of client assets in European companies.

### Rob Harley

Co-manager (lead)

- 18 years of financial services experience
- 7 years at Stewart Investors with a focus on the Worldwide Sustainability All-Cap Strategy
- 8 years working in the not-for-profit sustainable development sector

### Lorna Logan

Co-manager

- 13 years of financial services experience
- 6 years at Stewart Investors with a focus on the Worldwide Sustainability All-Cap Strategy
- Masters in Sustainability Leadership, Cambridge University

For more information please contact [enquiries@stewartinvestors.com](mailto:enquiries@stewartinvestors.com) or visit our [website](#)

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Representative and Paying Agent in Switzerland: BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. The Prospectus, Key Information Documents (KIDs), the Instrument of Incorporation as well as the Annual and Semi-annual Reports may be obtained free of charge from the representative in Switzerland.

## About First Sentier Investors

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