

# Worldwide Sustainability Strategy



Stewart Investors

## About Stewart Investors

We are an active, long-only equity investment business with stewardship and sustainability at the heart of our investment philosophy and culture since 1988. As a team, we have been managing explicit sustainability portfolios since 2005.

## Investment aim

To generate long-term, risk-adjusted returns for our clients by investing in the shares of high-quality companies that are particularly well positioned to contribute to, and benefit from, sustainable development.

## Key facts\*

Strategy launch	November 2012
Strategy size	USD 1.8 billion
Lead portfolio manager	Nick Edgerton
Investment team	11 analysts
Number of companies	40-60 (current 53)
Active share	98%
Investment horizon	5-10+ years
Name turnover (5yrs)	22.44% p.a.
Market capitalisation	All-Cap
Comparator benchmark	MSCI AC World Index
Annual management charge	0.60% p.a.

## Investment philosophy

- > **We are stewards.** Our role is to allocate society's capital to productive uses, in accordance with our [Hippocratic Oath](#).
- > **We are long term.** Our time horizon is measured in years, not weeks, and we value companies accordingly.
- > **We invest only in companies contributing to a more sustainable future.** We engage constructively as owners to help companies on their sustainability journeys.
- > **We invest only in high-quality companies.** We invest in companies with exceptional cultures, strong franchises and resilient financials.
- > **We believe capital preservation is important for capital growth.** We define risk as the possibility of the permanent loss of client capital.

This philosophy is proven across strategies and business cycles for nearly four decades.

\*Source: Stewart Investors as at September 30, 2023. Data shown for a representative Stewart Investors Worldwide Sustainability account. Parameters shown are guidelines only and not hard risk limits. This information is provided for illustrative purposes to demonstrate Stewart Investors' activity within the strategy for the period shown. It is not a recommendation or solicitation to purchase or invest in any fund. Differences between the representative account-specific constraints, currency or fees and those of a similarly managed fund or mandate would affect results.

## What we mean by sustainability

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, such as changing regulations and consumer trends

### Exclusions

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

### 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.

Visit our [website](#) to view our [diversity](#), [climate change](#) statement and all other policies.

## Top 10 holdings - high conviction

We have a bottom-up approach and aim to invest only in well-stewarded, high-quality companies with sustainability at the heart of all investment considerations. Our portfolios are high conviction (top 10 holdings typically 30%-50%) and are benchmark agnostic.

Company	Country	Sector	Portfolio (%)	Index (%)
Fortinet	USA	Information Technology	5.2	0.1
Roche	Switzerland	Health Care	4.3	0.0
Infineon Technologies	Germany	Information Technology	4.1	0.1
Watsco	USA	Industrials	4.0	0.0
DiaSorin	Italy	Health Care	3.9	0.0
Halma	UK	Information Technology	3.7	0.0
Beiersdorf	Germany	Consumer Staples	3.7	0.0
bioMérieux	France	Health Care	3.6	0.0
HDFC Bank	India	Financials	3.3	0.1
Spectris	UK	Information Technology	3.2	-
			<b>39.0</b>	<b>0.3</b>

Source: Stewart Investors as at September 30, 2023. Data shown for a representative Stewart Investors Worldwide Sustainability account and the MSCI AC World Index. This information is provided for illustrative purposes to demonstrate Stewart Investors' activity within the strategy for the period shown. It is not a recommendation or solicitation to purchase or invest in any fund. Differences between the representative account-specific constraints and those of a similarly managed fund or mandate would affect results. Numbers may not add to totals due to rounding. References to specific securities are included for the purpose of illustration only and should not be construed as a recommendation to buy or sell the same. Any securities referenced may or may not form part of the holdings of our portfolios at a certain point in time, and the holdings may change over time.

Our interactive [Portfolio Explorer](#) tool allows you to explore strategies, companies, countries and sustainability issues of interest in four views – map, Sustainable Development Goals, climate solutions and human development pillars.

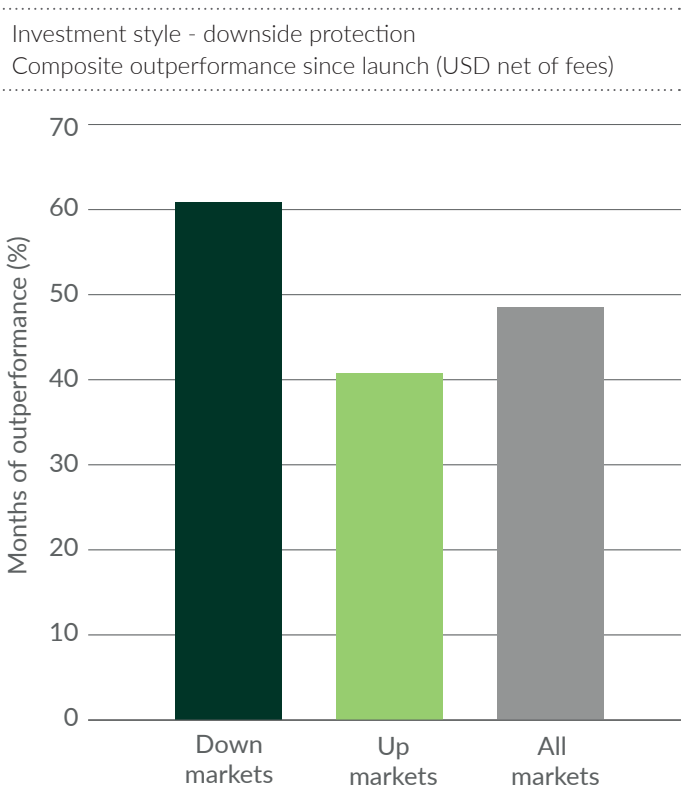


## Performance profile – capital protection and growth

Our investment philosophy focuses on delivering strong absolute returns over cycles. This focus means that we define risk as the loss of clients’ capital rather than in terms of deviation from any benchmark index. As a result, our performance is likely to lag steeply rising markets, but deliver better results in falling markets. We believe this approach has served clients well over time and over cycles.

## Performance review

Annualised performance over periods USD - composite performance %	Since launch	7 years	5 years	3 years	1 year
Stewart Investors Worldwide Sustainability (Net of fees)	6.9	4.9	2.8	-1.1	10.9
MSCI AC World Index	9.1	9.1	7.0	7.4	21.4



Past performance is not indicative of future performance.

Source for composite performance: Stewart Investors as at September 30, 2023. Composite performance is shown on a net of fees basis. Net performance figures are calculated by subtracting a model annual management fee of 0.60% from the gross performance figures. No other expenses or costs have been taken into account when calculating the net performance. Source for benchmark: FactSet, total returns, gross of tax. Outperformance shown versus the MSCI AC World Index. Since launch performance calculated from inception of the composite on March 1, 2012.

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Any investment with us should form part of a diversified portfolio and be considered a long-term investment.

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### About First Sentier Investors

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