



Stewart Investors
Sustainable Funds Group

Wholesale Worldwide Sustainability Fund



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, the [Sustainable Funds Group](#) have been managing explicit sustainability portfolios since 2005.

Investment aim

To achieve long-term capital growth by investing in the shares of high quality companies that are particularly well positioned to benefit from and contribute to sustainable development.

Key facts

APIR code	FSF1295AU
Launch dates	Strategy: November 2012 Fund: February 2013
AUM	Strategy AUD 5.0 billion Fund AUD 0.9 billion
Lead portfolio manager	Nick Edgerton
Investment team	Sustainable Funds Group 14 analysts
Number of companies	40-60 (current 48)
Active share	97%
Investment horizon	5-10+ years
Name turnover (5 years)	29%p.a.
Market capitalisation	All-Cap
Comparator benchmark	MSCI AC World Index
Investment management fee	0.60%
Total management costs*	1.03%

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.



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Source: Stewart Investors as at 31 March 2021. Key facts parameters are guidelines only and not hard risk limits. *Total management costs includes the investment management fee. It does not include transactional and operational costs. Further details on parameters and costs (including estimated indirect costs) are set out in the Fund's PDS dated 30 November 2020.

The companies we look for: a focus on quality

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. We are active investors. We're all analysts and each of us is charged with identifying good-quality companies to invest in for the long term.

Quality of management

We look for companies with highly competent management, who look after employees, shareholders and society, and operate with integrity and humility.

Sustainability and ESG issues are key considerations when assessing the quality of management, as are the ethical conduct and integrity of stewards.

We believe a company's ability to deliver long-term sustainable returns is correlated with the attributes of its owners. Owners with long histories are also more likely to navigate difficult periods successfully.

Quality of franchise

We are attracted to companies with strong business franchises, often with a trusted and recognised brand, providing socially necessary and useful products and services with a low impact on the environment, and positive health outcomes.

Whilst barriers to entry are important and also companies whose products and services generate long-term mutually beneficial outcomes for customers, employees and other stakeholders.

Quality of financials

Our approach to a company's financial situation is conservative. We have a preference for low net debt, strong predictable cash flows and other signs of financial quality, such as reasonable remuneration and fair taxation practices.

We also assess the quality of accounting and the financial statements themselves, as we're only too aware these can be manipulated.

Sustainable development

Our judgment of quality is heavily influenced by our thinking with regard to the challenges of sustainable development. We recognise and support the need for societies to maintain a sustainable ecological footprint as they develop. Furthermore, we believe that a company's ability to contribute to and benefit from helping societies to achieve this – i.e. its sustainability positioning – is a key indicator of its quality.

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. No company is perfect and our goal is to make these high quality companies even better.

Voting

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

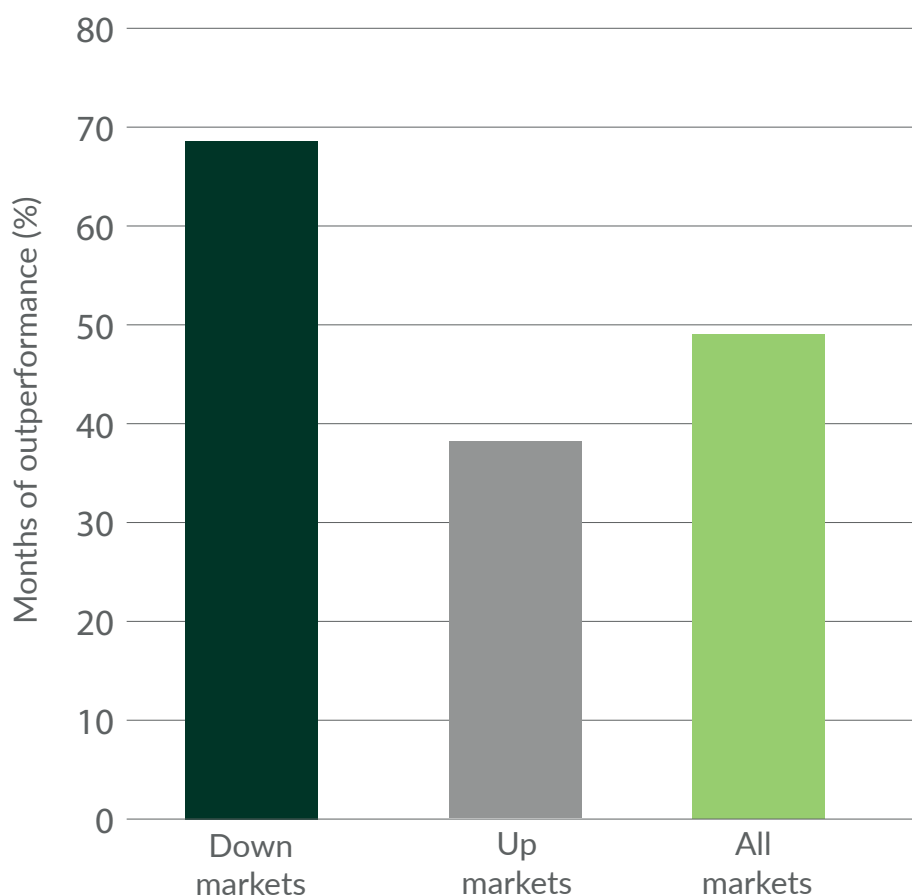
We provide full transparency of company holdings and their investment rationales via an [interactive map](#) on our dedicated sustainability [microsite](#) including their contribution to the Sustainable Development Goals.



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. This approach has served clients well over time and over cycles.

Investment style



Past performance is not a reliable indicator of future results. Source: First Sentier Investors and Stewart Investors as at 31 March 2021, net of fees for the Stewart Investors Wholesale Worldwide Sustainability Fund in AUD. Source for benchmark: FactSet. Index data is net of withholding tax. Outperformance shown versus the MSCI AC World Index. Chart data calculated since inception on 21 February 2013.

For more information

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Or visit our website at stewartinvestors.com and dedicated sustainability microsite at sfg.stewartinvestors.com

Investment terms

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

Important information

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