

# Wholesale Worldwide Sustainability Fund - Class A



Stewart Investors  
Sustainable Funds Group

## Product overview

APIR code	FSF1675AU
Inception date	1 August 2014
Fund size (A\$)	940 million
Benchmark	MSCI All Countries World Index
Number of stock holdings	40-60 (current 55)
Active share*	97.4%
Buy / Sell spread	0.15% / 0.15%
Minimum investment(A\$)*	25,000
Management cost*	1.01%

\* Active share is a measure of the percentage difference between the portfolio holdings and index constituents. Information on Minimum investment size and Management costs (including estimated indirect costs) is set out in the Fund's PDS.



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## Investment objective

To achieve long-term capital growth by investing in the shares of those companies which are particularly well positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate. The Fund aims to exceed the MSCI All Country World Index over rolling five-year periods before fees and taxes.

## About Stewart Investors

We are an active, long-only, equity investment business managing funds on behalf of our clients in Asia-Pacific, Emerging Markets and Worldwide equity portfolios. We have offices in Edinburgh, London, Singapore and Sydney and have a distinct culture and investment philosophy unchanged in over 30 years.

Stewardship has been at the heart of the way we invest since the launch of our first fund in 1988. We launched our first explicit sustainability fund in 2005 which takes this one step further by only investing in companies which contribute to and benefit from sustainable development.

## 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 seek out 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

# The kind of companies we like

We divide companies into **three categories** to help us identify those with positive long-term sustainable positioning.



## 1 Sustainable goods and services

Companies providing necessary food, drink and consumer staples which have a positive impact on human health, welfare and environmental efficiency.

## 2 Responsible finance

Companies broadening the reach and lowering the price of financial services i.e. helping people and enterprises save, borrow, invest and insure against risk at fair prices.

## 3 Required infrastructure

Companies providing the basic infrastructure needed by society, such as energy, transportation, digital and water.

## Key considerations

We aim to invest only in quality companies with sustainability at the heart of all our investment considerations.

### Stewardship and management

Highly competent management who look after employees, shareholders and society, and operate with integrity and humility.

### Financials

A preference for low net debt, strong cash flows and other signs of financial quality, such as reasonable remuneration and fair taxation practices.

### Franchise

A strong business franchise, often with a trusted and recognised brand, providing socially necessary and useful products and services with a low impact on the environment.

### Family-owned companies

We like to invest in companies backed by careful family stewards. We believe a company's ability to deliver long-term sustainable returns is correlated with the attributes of its owners. We believe owners with long histories are also more likely to navigate difficult periods successfully. (See chart overleaf)

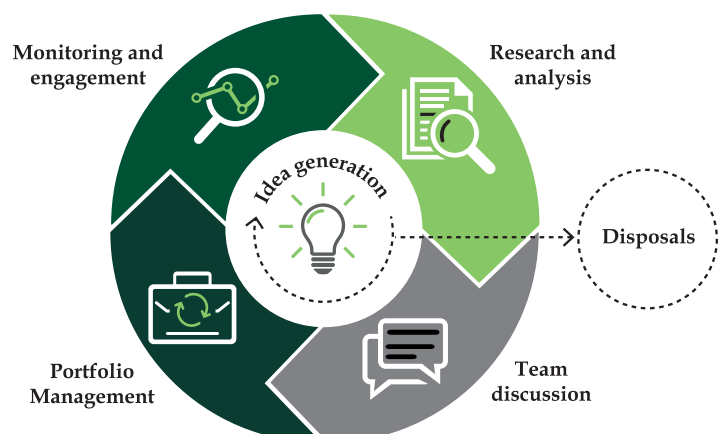
### Engagement

We believe company engagement is an integral part of sustainable investing. We are not activist investors but every company is imperfect so we try to engage actively and constructively with company leaders on sustainability and other investment risks and opportunities. Our relationship with company management is extremely important to earn their trust and the right to have these conversations.

## Our investment process

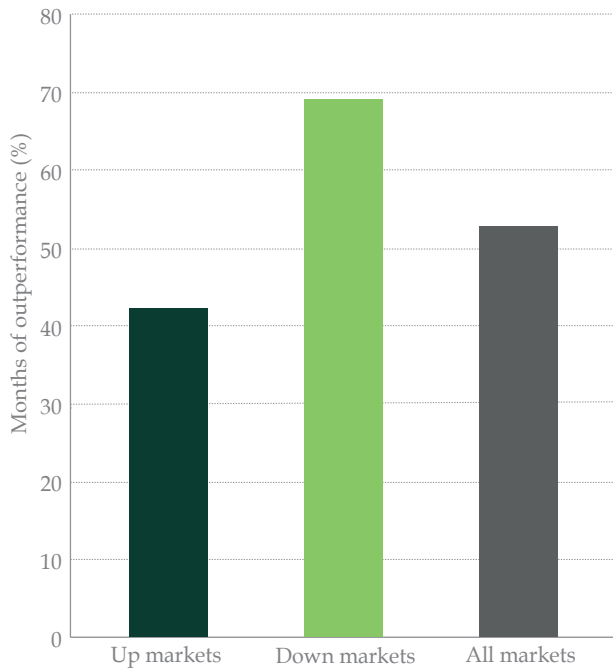
- We invest with a long-term time horizon, seeking to buy and hold high quality companies for a decade or more.
- We focus on sustainable development as a long-term driver of strong risk-adjusted returns. An outcome of this is that we do not invest in companies with material revenue derived from coal, tobacco, weapons and other sectors traditionally excluded by some ethical investors.
- We invest with an absolute return mindset, meaning we define risk as losing client money, rather than deviation from a benchmark index. We invest in companies, not sectors or countries.

## Key stages in our investment process



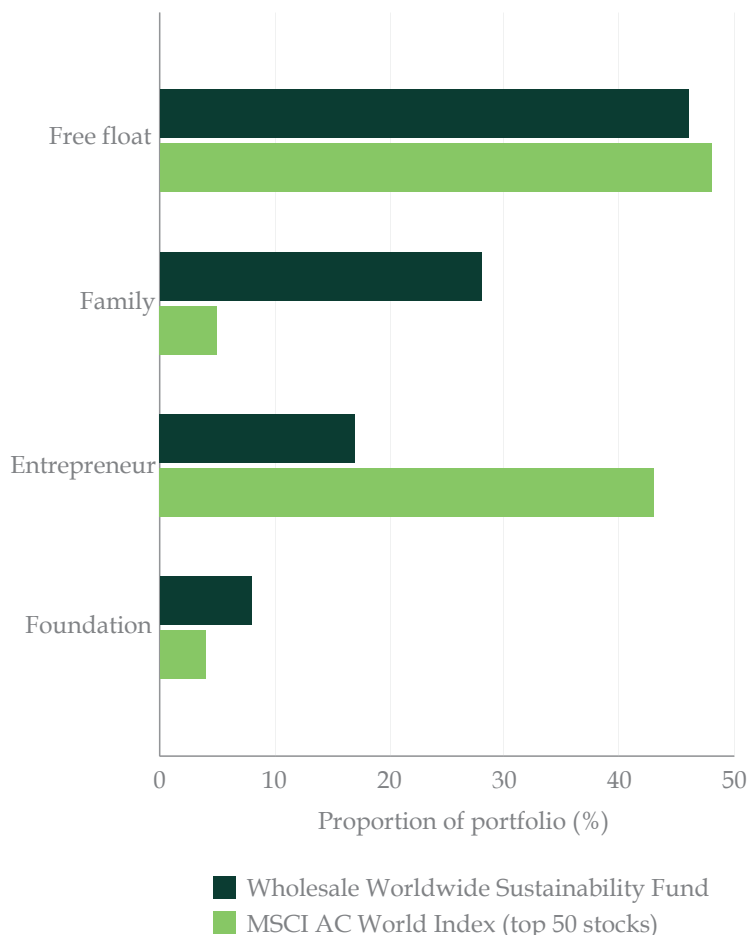
## Downside protection<sup>1</sup>

We are conservative managers focused on the downside as well as the upside. As a result, the fund is likely to lag steeply rising markets, but perform better in falling markets.



## Economic ownership<sup>3</sup>

The graph below shows the companies we invest in. We end up with a very different set of owners than the benchmark. Due to our bottom-up approach each company is there on its own merit.



## Ten largest holdings<sup>2</sup>

Company	Portfolio (%)	Index (%)
<b>DiaSorin</b> In vitro diagnostics reagent kits used in immunodiagnosics and molecular diagnostics (Italy)	4.4	0.0
<b>Unilever</b> Food, household and personal care consumer brands (UK)	4.3	0.1
<b>Ain Holdings</b> Franchisor of pharmacies and operator of drugstores (Japan)	3.9	-
<b>Varian Medical Systems</b> Medical devices and software to diagnose, treat and manage cancer (USA)	3.7	0.0
<b>Hoya</b> Manufacturer of lenses for glasses, contact lenses and technical equipment (Japan)	3.7	0.1
<b>Vitasoy</b> Healthy plant based food and beverages (Hong Kong)	2.9	-
<b>Fortinet</b> Network cybersecurity hardware and software (USA)	2.8	0.0
<b>Coloplast</b> Ostomy, continence, urology and wound care products (Denmark)	2.7	0.0
<b>Halma</b> Safety equipment for hazard detection and life-saving technology (UK)	2.7	0.0
<b>CSL</b> Biotherapies and influenza vaccines for life-threatening medical conditions (Australia)	2.6	0.2
<b>Total</b>	<b>33.7</b>	<b>0.5</b>

<sup>2</sup> Source: Stewart Investors as at 30 September 2020 for the Stewart Investors Wholesale Worldwide Sustainability Fund and MSCI AC World Index. Numbers may not add to totals due to rounding. This stock information does not constitute any offer or inducement to enter into any investment activity.

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 for an interactive map of investment rationales, stories of sustainable investment and our position on harmful and controversial products and services

- <sup>1</sup> Past performance is not a reliable indicator of future results. Source: First Sentier Investors and Stewart Investors as at 30 September 2020, net of fees for the Stewart Investors Wholesale Worldwide Sustainability Fund - Class A 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 1 August 2014.
- <sup>3</sup> Source: Stewart Investors as at 30 September 2020. Slide shows economic stewardship classified by shareholder group as defined by Stewart Investors based on the most influential investor in any given company. MSCI AC World (top 50 stocks) used for comparison purposes only and does not necessarily reflect the profile of holdings in the fund. Data excludes cash and has been rebased to 100.

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