

**SHINING A LIGHT ON THE.....  
LF Miton European Opportunities Fund**

**AT A GLANCE**

<b>Investment Objective</b>	
The investment objective of the fund is to achieve a combination of income and growth.	

<b>Inception Date</b>	14 December 2015
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000WMCG">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000WMCG</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Carlos Moreno	14 <sup>th</sup> December 2015
Thomas Brown	14 <sup>th</sup> December 2015

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	2.84%
Large	25.51%
Medium	42.30%
Small	25.66%
Micro	3.69%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	51	
<b>Assets in Top 10 Holdings</b>	30.28%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Sika AG Registered Shares	Basic Materials	3.62%
Homeserve PLC	Industrials	3.57%
Ferrari NV	Consumer Cyclical	3.47%
FincoBank SpA	Financial Services	3.23%
Interroll Holding Ltd	Industrials	2.90%
Qiagen NV	Healthcare	2.84%
ASML Holding NV	Technology	2.80%
Royal Philips NV	Healthcare	2.66%
Kongsberg Gruppen ASA	Industrials	2.48%
Amplifon SpA	Healthcare	2.48%

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	12.46%
<b>3-Yr Mean Return (average)</b>	17.86%

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## FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2016 to 30<sup>th</sup> September 2019:

	2016	2017	2018	2019
<b>LF Miton European Opportunities Fund</b>	22.69%	28.66%	-4.00%	27.45%
<b>MSCI Europe Ex UK</b>	3.20%	14.48%	-10.55%	19.97%

Performance over 12 months, 3 years, and since launch:

	1 year	3 years	Since launch
<b>LF Miton European Opportunities Fund</b>	7.73%	60.10%	102.32%
<b>MSCI Europe Ex UK</b>	6.77%	31.70%	30.83%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## UPDATE....

This is our second follow up call with the team. The purpose of the call was to get a greater feel for the team itself, the process and the future potential for the fund.

In terms of the general view of European Funds they feel there are many large active fund managers fishing in this market; many of these have similar names and holdings. These tend to be dull companies with little opportunity for long term growth. These sit within the top 200 names in Europe and yet below this there is plenty of innovation. The sweet spot for the fund is e2 to e20 billion, and with that there are plenty of world leaders that the fund can invest in.

They are looking for good ideas irrespective of the countries. Within the Nordics there is strong innovation and good macro stability. In Switzerland there are good businesses other than Pharma and Banks.

The fund is made up of good quality businesses with high returns on capital employed. These companies have options because they are profitable, they can pay dividends, innovate at the margins etc without overstressing the balance sheets. They have significant advantages against the wider market. These are the types of businesses that will grow significantly over time. There will be periods where the fund underperforms, especially where there is a tilt to value, but the types of companies they invest in means that this fund over the long term should deliver for investors.

This is a concentrated portfolio of around 50 names. In terms of weightings it will be about 1% to 4%. Above 4% they will reduce down a holding, and new positions tend to be around 1.5% and 2% and as conviction builds this will grow. The fund will be capped at around £1.25 billion to protect existing investors and enable the strategy to continue to work.

In terms of what they like they have three holdings in Italy, which appears to show an overweight to Italy, but there are two global businesses and one domestic. The domestic is an investment platform business similar to Hargreaves Lansdown in the UK. The global businesses are a global hearing aid

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manufacturer and premium sports car brand. In Norway they have an eBay type platform which is used in countries like France where eBay has been unable to gain any penetration. In Germany they have a mortgage comparison site which has 70% market share.

The fund is co-managed and there is key man risk should the team decide to leave the business has recently merged with Premier which would seem to strengthen the team and its commitment.

In summary, the fund highlights that simplicity in fund management is often key to getting returns for investors. Keeping the fund size restricted enables the managers to position the fund such that it can invest in companies which many European Funds miss. They are not taking outside bets, they are investing in good businesses, and often those with a moat around what they do. Where the market favours value (cheap and unloved stocks) this will underperform. The fund doesn't have to invest in the likes of Nestle and Roche and that really is where investors will see the difference. For those looking for a European Fund then this might be one to consider.

*The source of information in this note has been provided by Miton and is correct as at October 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*