SHINING A LIGHT ON THE……
Morgan Stanley Global Brands Fund

AT A GLANCE

Investment Objective
The Fund aims to grow your investment over 5 - 10 years. The Fund's investment objective is to seek long term capital appreciation through investment primarily (meaning not less than 80% of the volume of the Scheme Property of the Fund) in equity securities of companies in the world's developed countries. The Fund will invest in a concentrated portfolio of companies whose success the Investment Manager believes depends on intangible assets (for example, but not limited to, brand names, copyrights or methods of distribution) underpinning a strong business franchise.

Inception Date	3rd February 2003
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04N5T

Management	
Manager Name	**Start Date**
William Lock	22nd June 2009
Bruno Paulson	22nd June 2009

Investment Style Details	
Equity Style	
Market Capitalisation	**% of Equity**
Giant	57.09%
Large	39.61%
Medium	3.30%
Small	-
Micro	-

Top 10 Holdings		
Total number of holdings	29	
Assets in Top 10 Holdings	54.85%	
Name	**Sector**	**% of Assets**
Microsoft Corp	-	9.13%
Philip Morris International Inc	-	8.07%
Reckitt Benckiser Group PLC	-	7.12%
Visa Inc Class A	-	5.55%
SAP SE	-	5.42%
Accenture PLC Class A	-	4.41%
Automatic Data Processing	-	4.41%
Baxter International	-	4.22%
Danaher Corp	-	3.83%
Coca-Cola Company	-	3.60%

Volatility Measurements	
3-Yr Std Dev (volatility)	11.99%
3-Yr Mean Return (average)	8.68%

FUND PERFORMANCE

Performance from 1st January 2014 to 29th February 2020:

	2014	2015	2016	2017	2018	2019	2020
Morgan Stanley Global Brands Fund	12.11%	12.17%	25.51%	14.76%	3.52%	25.39%	-4.17%
FTSE World TR	11.29%	4.34%	29.59%	13.34%	-3.10%	22.81%	-5.89%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Morgan Stanley Global Brands Fund	13.86%	34.21%	92.30%	728.26%
FTSE World TR	8.97%	21.04%	63.73%	458.03%

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 update has been written at the time of Coronavirus Pandemic in 2020 which has impacted the global financial markets in a way that has never been seen before.**

When we first talked to the management team this fund appealed due to its downside protection. This has always been about investing in global franchises which can survive across any cycle. The fund was launched in 2003 and has seen many different challenges over this period. It cannot avoid negative periods but it looks to fall less than the market, and by the nature of the companies it holds, recovers strongly.

This update came at a period of significant market falls, and in this the fund has done what it sets out to do. They have not actively looked to make changes. Coming into this they were concerned about valuations and they were not seeing a lot of opportunities in the types of companies they invest in.

They are currently invested in 27 companies and this is where the focus is for them. They are trying to understand the impact on the top line for these companies. In the short-term companies like Microsoft could benefit but if there is a depressed scenario and people cut back on expenses they could be hit. 85% of the fund is in IT Services, Services and Healthcare and of these companies there are different risks.

Healthcare should remain resilient in this environment. Equally a company like Reckitt Benckiser will do well with their hygiene products. However, in the short term a company like Heineken, who have a big exposure to pubs and bars, could suffer in the short term.

Companies are now starting to provide trading updates; L'Oreal think they will grow profits this year, but they expect some others to be challenged.

They feel the fund is in a better position than the broader market, and it includes businesses which they expect to be around for many years to come. Much depends on the data comping out. Things like how long the consumer is contained, how long the virus lasts, the impact on companies and profits. If there is a reduction in deaths, the impact of fiscal and monetary policies starts to be felt in a positive way, then the recovery could potentially be strong. However, volatility is likely to be around for some time to come.

We talked about short term opportunities and he explained we have seen sharp corrections in the prices for the likes of Cineworld and Carnival, but these are not the types of stocks they would buy. The team feel that quality will pay over the long-term. This is a market where you can come in gently, they don't know when the bottom of the market comes.

In summary, during this environment the team have stuck to the process. Not looking to actively add to the holdings, but stress those they have, and looking to the trading statements. Where opportunities arise with the holdings, they may add to these. They may also add new holdings, but they are not looking for short term opportunities so these would have to fall under the quality aspect of the fund.

The source of information in this note has been provided by Morgan Stanley and is correct as at March 2020. 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.