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	56.42%
Large	40.11%
Medium	3.47%
Small	-
Micro	-

Top 10 Holdings		
Total number of holdings	30	
Assets in Top 10 Holdings	57.25%	
Name	**Sector**	**% of Assets**
Microsoft Corp	Technology	9.45%
Philip Morris International Inc	Consumer Defensive	8.27%
Reckitt Benckiser Group PLC	Consumer Defensive	8.05%
Visa Inc Class A	Financial Services	5.41%
SAP SE	Technology	5.05%
Baxter International	Healthcare	4.44%
Accenture PLC Class A	Technology	4.44%
Automatic Data Processing	Industrials	4.23%
Abbott Laboratories	Healthcare	3.96%
Danaher Corp	Healthcare	3.95%

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

FUND PERFORMANCE

Performance from 1st January 2014 to 30th June 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%	6.91%
FTSE World TR	11.29%	4.34%	29.59%	13.34%	-3.10%	22.81%	0.57%

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

	1 year	**3 years**	**5 years**	**Since launch**
Morgan Stanley Global Brands Fund	10.41%	44.59%	119.03%	824.00%
FTSE World TR	5.82%	27.78%	79.98%	496.36%

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

This was a follow up with the team following the sharp market correction. The fund has circa 30 stocks and all of these must pay a dividend, although this is not an income strategy. They are looking for strong governance and management which will help drive both high returns and growth. To do this they are looking for brands with pricing power and recurring revenue which in turn leads to strong cash flow. What they do with cash is important and they avoid those companies with poor cash management.

What they like are businesses within sectors like consumer staples, IT services and healthcare but avoid areas like banks, energy, materials, and utilities. The strategy must be adaptable to reflecting the changing environment we are in so the focus on consumer staples has come down. During this period, they have trimmed exposure to Coca-Cola, Heineken and Pernod and added to Procter and Gamble, and LVMH. They also fully exited Church and Dwight which they were already coming out of.

They have not done much other than what they would normally do. They have done a sense check on companies hence trimming exposure to the likes of Coca-Cola, Heineken and Pernod. IT software with such as Microsoft and SAP have been good for the strategy.

The fund aims to capture 53% of the downside and 83% on the upside. This is a defensive strategy that in fast rising markets will lag but across a cycle it should outperform through the downside protection. They remain cautious about the markets and believe there will be more volatility. However, the focus on global brands and quality should provide investors with an all weather strategy, especially during this period.

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