

**SHINING A LIGHT ON THE.....
Mirabaud UK Equity High Alpha Fund**

AT A GLANCE

Investment Objective
The Fund aims to outperform the FTSE All-Share Total Return Index by 4% per annum, cumulatively. It focuses on businesses with scale attributes, recurring revenues, free-cash generation, 'optionality' and undervalued assets. Risk is controlled via specific attention to de-rating risk and the risk of 'being early' is mitigated. Generally, this concentrated strategy focusses on medium-term time horizons (three years) and is often prepared to look-through near-term volatility for longer-term opportunity. The Fund focusses on companies with secular or structural thematic underpinnings, with decisions very much weighted to 'bottom-up' due diligence and analysis.

Inception Date	20 th April 1999
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000P2TC

Management	
Manager Name	Start Date
Jeremy Hewlett	29 th September 2017

FUND PERFORMANCE

Performance from 1st January 2015 to 31st October 2020:

	2015	2016	2017	2018	2019	2020
Mirabaud UK Equity High Alpha Fund	2.06%	10.49%	19.97%	-17.69%	24.73%	-13.63%
FTSE All Share	0.98%	16.75%	13.10%	-9.47%	19.17%	-22.98%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
Mirabaud UK Equity High Alpha Fund	-4.93%	-9.18%	15.31%	-5.00%
FTSE All Share	-18.64%	-14.39%	8.93%	-12.16%

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.

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Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
11.11	90.64	136.16	118.74	55.56	1.32	4.54	Mid/Growth

Volatility Measurements	
3-Yr Std Dev (volatility)	21.81%
3-Yr Mean Return (average)	-3.16%

Investment Style Details	
Giant	6.60%
Large	10.91%
Medium	58.64%
Small	26.16%
Micro	1.44%

Top 5 Holdings – 25 Equity Holdings		
St James's Place PLC	Financial Services	8.31%
Intermediate Capital Group PLC	Financial Services	6.94%
Fevertree Drinks PLC	Consumer Defensive	6.06%
Hargreaves Lansdown PLC	Financial Services	5.85%
Taylor Wimpey PLC	Consumer Cyclical	5.83%

Top 5 Sectors	
Financial Services	34.05%
Consumer Cyclical	30.90%
Communication Services	13.13%
Consumer Defensive	10.01%
Healthcare	4.65%

UPDATE....

These updates have 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 our first introduction to the strategy. The team behind this have worked together for over 16 years and this is an unconstrained, and high conviction fund focused on the UK. It has 25 holdings, with a high active share class and 55% of the holdings are in the top ten. The top companies tend to have less downside risk. Although this has no bias to the size of companies it invests in it does have a tilt to mid-cap where they can the best opportunities.

The UK strategy was launched in 2017 although the actual fund goes back to 1999. They have no bias to value or growth. They are looking for quality businesses but at the right price. They do not believe that a quality business deserves a premium price, nor do they believe cheap provides value. They describe this as seeking quality franchises where the current price understates its quality.

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They focus on three pillars of quality:

Scale: they focus on companies that can scale. They share important key attributes: asset light, large addressable markets, digitally enabled and they enjoy recurring revenues.

Optionality: they look for companies where intrinsic value is not recognised by the market through characteristics such as unidentified revenue opportunities, cross-sell potential and assets or cash on the balance sheet.

Low risk: The price they pay is their key measure of risk. They are focused on owning cash generative companies with strong balance sheets, solid management and ESG integrity, where price has not been fully recognised by the market.

Some example stocks include Intermediate Capital, who are specialist international asset managers where the market is not pricing in sticky cash flows, and they believe as a minimum there is 50% upside. Another company is GBG where the markets assumed earnings would drop. Once they announced that earnings would be flat there was a re-rating.

The managers believe there will be a sharp recovery and currently there are a lot of opportunities. A lot of the holdings have not worked yet but they believe they will in the next 1 to 3 years, and there is large upside potential. This year all the top ten have produced upside and have been the key drivers of performance but they think there is more to come. The remaining part of the fund has not shone through yet and therefore this mix makes them excited about the future.

In terms of Brexit, they believe it will be concluded one way or another in the coming weeks and the mispricing will be recognised. The fund has performed strongly over the last month.

In conclusion, this is a high conviction strategy and carries no view towards value or growth, but focuses on quality at the right price. For investors who believe the UK is undervalued then this fund might offer opportunities moving forward, but there are many UK funds and different styles and care will need to be taken in selecting the right match.

The source of information in this note has been provided by Mirabaud and is correct as at November 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.