

LWM Consultants Ltd

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

Investment Style Details	
Giant	0.00%
Large	8.15%
Medium	64.84%
Small	24.51%
Micro	0.00%

Top 5 Holdings – 55 Holdings		
FinecoBank SpA	Financial Services	3.82%
Eurofins Scientific SE	Healthcare	3.44%
IMCD NV	Basic Materials	3.18%
Marel hf	Industrials	2.96%
Remy Cointreau	Consumer Defensive	2.85%

Top 5 Sectors	
Healthcare	21.47%
Industrials	16.73%
Financial Services	15.87%
Technology	13.67%
Consumer Cyclical	13.59%

Top 5 Countries	
France	20.92%
Italy	17.66%
Germany	15.26%
Switzerland	13.04%
Sweden	12.73%

UPDATE....

This a new strategy launched just over 12 months ago. The team ran the successful Threadneedle European Smaller Companies Fund, with around e3 to 4 billion and top quartile performance. Being new, this strategy is much smaller at around e200 million.

As a fund manager Mark has outperformed his peer group 70% of the time, and 100% of the time in falling markets. There is an assumption that success repeats and follows the manager, and this can be true. However it is also worth reflecting that the team can also play a part. At this stage it is hard to judge, although performance since the launch of this strategy has been strong.

The focus is on good high-quality companies at attractive prices, and this worked well during 2020. The types of companies they hold have consistent traits – carefully financed, strong margins, leaders in sectors (so strong get stronger).

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Some of the trends that they invest in have accelerated because of 2020. These include for example:

Digitalisation – example holdings include VAT Group and Fineco Bank

Diagnostics – example holdings include Disorin and Tecan

Healthy Living – example holdings include Thule and Eurofins

Energy Efficiency and Electrification – example holdings include LEM and Somfy

They look to hold between 50 to 60 holdings, with around 50 to 60% of the fund being invested in the top 20 holdings. They believe smaller companies offer additional value creation, they are often hidden gems and under researched with strong growth potential, regional / global leaders in niche markets and focused management, and smaller companies are ideally suited to active management.

The three stays of their investment process are:

Bottom up – they focus on operational performance and not share price performance

Long term – they focus on long term cash flows and valuation creation. This is a buy and hold strategy looking to benefit from compounding and exposure to secular growth opportunities

Quality – they believe quality businesses consistently produce excess cash and create shareholder value. They offer sustainable competitive advantages which reduce the risk of loss in the long term and tend to be durable long-term investments

In summary, the team delivered exceptional performance at Threadneedle and for those who know the team the style will not have changed. The question is whether they can repeat this success and only time will tell. It is certainly a fund and team to watch.

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