

SHINING A LIGHT ON THE..... Ninety-One Global Special Situations Fund

AT A GLANCE

Investment Objective
The Fund aims to provide capital growth (to grow the value of your investment) and income over at least 5 years. The Fund invests primarily (at least two-thirds) in the shares of companies around the world. The Fund focuses on investing in assets believed to be undervalued by the market. Investment opportunities are identified using in-depth research on individual companies.

Inception Date	17 th December 2007
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000001ZH6

Management	
Manager Name	Start Date
Alessandro Dicorrado	1 st January 2016
Steve Woolley	1 st January 2016

FUND PERFORMANCE

Performance from 1st January 2016 to 30th April 2021:

	2016	2017	2018	2019	2020	2021
Ninety-One Global Special Situations Fund	36.81%	17.98%	-14.57%	21.01%	-9.41%	16.69%
FTSE World ex UK TR	30.42%	13.45%	-2.68%	23.10%	14.15%	8.48%

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

	1 year	3 years	5 years	Since fund manager inception
Ninety-One Global Special Situations Fund	55.23%	10.35%	72.41%	76.39%
FTSE World ex UK TR	34.44%	50.88%	113.70%	119.50%

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.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
20.71	98.36	129.10	214.86	44.44	1.81	-14.82	Value/Mid

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Volatility Measurements	
3-Yr Std Dev (volatility)	31.44%
3-Yr Mean Return (average)	3.34%

Investment Style Details	
Giant	10.39%
Large	30.75%
Medium	33.49%
Small	20.51%
Micro	2.70%

Top 5 Holdings (42 holdings)		
AerCap Holdings NV	Industrials	6.03%
American Express Co	Financial Services	5.41%
Bank of America Corp	Financial Services	5.32%
McKesson Corp	Healthcare	4.26%
Adient PLC	Consumer Cyclical	3.87%

Top 5 Sectors	
Industrials	25.73%
Financial Services	24.75%
Consumer Cyclical	22.21%
Healthcare	8.08%
Communication Services	5.56%

Top 5 Regions	
US	59.72%
United Kingdom	16.58%
Germany	7.56%
France	4.80%
Switzerland	2.14%

UPDATE....

The team have managed this strategy since 2016 and recently took on the management of the UK strategy. Value investing has gone through a difficult period, especially over the last couple of years, and many questions are being asked as to whether it can come back. The team believe they have a different approach to other strategies in the market.

They believe:

1. Markets extrapolate both good and bad news; investors rely on processed information rather than obtaining it from the source, and therefore overreact
2. Investor behavioural biases can create investment opportunities that have positively skewed payoffs
3. Pragmatism and nimbleness are important: exploitable opportunities arise in different parts of the market over time
4. Their long term, contrarian stance, independent thinking, and deep fundamental research leads them to uncover mispriced attractive businesses

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5. They can exploit inefficiencies by investing in sustainable businesses with potential for earnings recovery or rerating, trading at a significant discount to their estimate of intrinsic value

They believe strongly in the quote from James Grant, “successful investing is about having other people agree with you....later”, and use the example of Next, which investors are now waking up to.

They believe that their approach is different because they operate “buckets”:

Fallen Angeles – these are often old market darlings; they have often had a large but non-fatal blow and they are compounders at a cheap price. Example would be American Express

Cyclical leaders – industrials and financials, industry down-turn and opportunity to buy the best. Examples would be SKF and Helmerich & Payne

Special situations – this includes turnarounds, spin-offs, post-bankruptcies, re-capitalisations and overly simplistic ESG. Examples would be Cars.com and Delphi Technologies

Hidden assets – these cannot be “computerised” and often non categorized. Examples would be Capita and Twitter

Deep value – these are mediocre businesses at very attractive prices. Examples would be Aldar Properties and Publicis

The largest and longest weightings tend to be in fallen angels and smallest and shortest in deep value.

In terms of recent activity they have purchased John Wood, Prudential and Sprouts Farmers Market and sold Autonation, Adecco, Baidu, GEA Group, Lloyds Banking, Travis Perkins and Virgin Money.

In summary, the team run two strategies and both have the same style, and what makes them different to other value fund managers is that they believe value goes across different areas and this is a blend of this. The last two years have been difficult for the strategy, however, they see a turning point and that is reflected in the performance this year.

The source of information in this note has been provided by Ninety-One and is correct as at May 2021. 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.