SHINING A LIGHT ON THE……
TM RWC Global Equity Income Fund

AT A GLANCE

Investment Objective
The objective of the Fund is to provide a combination of income, net of fees, and long term (over five years) capital growth by investing primarily (over 70%) in a concentrated portfolio of global companies. The Fund will primarily (over 70%) invest its assets (excluding cash and cash equivalents) in equity and equity linked securities of companies that are listed on a global stock market. The Fund typically holds investments in 30-50 companies.

Inception Date	24th November 2020
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000015T6P

Management	
Manager Name	**Start Date**
Nick Clay	24th November 2020

FUND PERFORMANCE (BASED ON BNY MELLON GLOBAL INCOME FUND MANAGED FROM 10 August 2012 – 31 MARCH 2020)

Performance from 1st January 2016 to 31st March 2020, and 24th November 2020 to 31st August 2021 under RWC:

	2016	**2017**	**2018**	**2019**	**2020 (BNY)**	**2020 (RWC)**	**2021 (RWC)**
BNY Mellon Global Income Fund / RWC Global Equity Fund	29.32%	7.62%	-1.05%	21.59%	-15.55%	-0.09%	10.70%
FTSE World ex UK	29.59%	13.34%	-3.10%	22.81%	-16.14%	3.17%	16.74%

Performance over 12 months, 3 years, 5 years and since managing BNY Mellon fund (BNY Mellon up to 31 March 2020):

	1 year (BNY Mellon)	**3 years (BNY Mellon)**	**5 years (BNY Mellon)**	**Since managing fund (BNY Mellon)**	**Since launch (RWC)**
BNY Mellon Global Income Fund	-5.26%	4.69%	46.29%	97.14%	10.60%
FTSE World ex UK	-6.00%	7.09%	42.34%	112.61%	20.44%

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
-	-	-	-	-	-	-	Value / Large

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

Investment Style Details	
Giant	50.69%
Large	27.59%
Medium	16.22%
Small	3.18%
Micro	0.00%

Top 5 Holdings – 42 Equity Holdings		
Samsung Electronics Co Ltd Parti...	Technology	5.98%
Cisco Systems Inc	Technology	5.76%
Qualcomm Inc	Technology	5.11%
British American Tobacco PLC	Consumer Defensive	3.58%
Industria De Diseno Textil SA	Consumer Cyclical	3.42%

Top 5 Sectors	
Technology	23.09%
Consumer Defensive	18.90%
Consumer Cyclical	13.59%
Healthcare	12.55%
Financial Services	8.27%

Top 5 Regions	
United States	41.29%
United Kingdom	17.25%
Switzerland	12.30%
South Korea	4.21%
India	4.04%

UPDATE….

This was our first introduction to the team and Nick. He ran the successful BNY Mellon Global Income Strategy and the two strategies we would compare to are Schroder Global Recover and Artemis Global Income.

Both these follow a value style but the performance from 30 October 2015 (when the Schroder Global Recovery Fund was launched) to 31 March 2020, shows a marked difference. The Schroder Fund was up +11.28%, Artemis +6.34% and BNY Mellon +45.22%. The Global Index was up +48.50%. This is important for two reasons; firstly in a period where this style of investing was out of favour, this strategy has been able to keep up with the index and secondly compared to other similar strategies this has significantly outperformed.

This discussion was really to understand more about how this has been achieved and what makes it different. The whole team moved across from BNY Mellon to RWC, so the strategy has the same process and the same knowledge base, and the team have worked together for 15 years so all the experience and learnings are there. Although they left BNY Mellon at the end of March 2020, they were able to start again in November 2020 as if nothing had changed.

The aim is to outperform the index with lower levels of volatility. Although they are looking to invest in companies where they are undervalued by the market, they work on the basis that they want the chances of getting it right to be in their favour. So, they are focusing on those companies which are yielding 25% above the market (and if this drops then they will sell), and have quality characteristics. The types of companies fall into troubled compounding machines, ex-growth cash generators, profitability transformation, capital intensity and special situations.

They are looking for cash generative businesses because this helps load the dice in their favour. The style means that they start with value companies and end up with growth companies which are then sold. It puts them between growth and value. In a fast-rising bull market this will underperform.

In terms of what they hold, this includes for example Shell and Total because they see them as part of the solution in terms of climate change, and without them you can't achieve the desired outcome. Another example is Philip Morris which is more like a venture capital fund with lots of cash. They like CISCO, Qualcomm, Samsung and TSMC which are all information technology businesses. In retail the focus is on the winners like Inditex, Tapestry and H&M.

They do not like banks because they fear the disruption.

In summary, I think the quote from Nick best sums this up. To paraphrase, "when all are crowded together, looking to the stars…..it is worth looking at a differentiated approach". This is value but with a quality approach. These are strong businesses with good balance sheets and cash generative. For whatever reason they are out of favour, but they have a good reason for Nick to invest in them and they expect the companies to move to growth companies in the future, at which point they will sell out of them. Microsoft was one of their holdings until the yield dropped below the threshold. This will never be a growth fund so you will have companies in early stage, that then move to "starting to work" and then "approaching intrinsic value", at which point they will start to come out. We see this as a good counterbalance to the more growth focused strategies and will add to our watch list. It is also worth adding this is very different to the value strategies from Schroder and Artemis which have struggled, and we feel could potentially continue to do so without this type of approach.

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