

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

Management	
Manager Name	Start Date
Nick Clay	24 th 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 January 2022 under RWC:

	2016	2017	2018	2019	2020 (BNY)	2020 (RWC)	2021 (RWC)	2022 (RWC)
BNY Mellon Global Income Fund / RWC Global Equity Fund	29.32%	7.62%	-1.05%	21.59%	-15.55%	-0.09%	17.71%	-1.79%
FTSE World ex UK	29.59%	13.34%	-3.10%	22.81%	-16.14%	3.17%	20.06%	-4.42%

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%	15.50%
FTSE World ex UK	-6.00%	7.09%	42.34%	112.61%	18.23%

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

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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	48.87%
Large	30.31%
Medium	14.48%
Small	4.49%
Micro	0.00%

Top 5 Holdings – 42 Equity Holdings		
Cisco Systems Inc	Technology	5.58%
Qualcomm Inc	Technology	4.82%
Samsung Electronics Co Ltd Parti...	Technology	4.50%
Infosys Ltd ADR	Technology	3.64%
Tapestry Inc	Consumer Cyclical	3.37%

Top 5 Sectors	
Technology	24.70%
Consumer Defensive	18.54%
Consumer Cyclical	14.57%
Healthcare	12.02%
Industrials	7.08%

Top 5 Regions	
United States	40.90%
United Kingdom	17.36%
Europe ex Euro	16.79%
Eurozone	10.05%
Asia – Developed	7.56%

UPDATE....

This was our second meeting with Nick and it is a strategy we like and is on our follow list. It is still early days since this was set up, so it is prudent to watch. The strategy looks to invest in companies which yield 25% above the market so this means they must yield above 2.2%. This naturally means they avoid the non-dividend payers and more expensive stocks. This approach, Nick feels, places the risk / reward in favour of the investor.

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They like quality companies that have better balance sheets and understandable debt. We talked about BAT, who have significant repeatable business but high levels of debt which they are paying down. If they can understand this then they are comfortable with debt.

All the holdings are modelled between the upside and downside. When a stock moves to the top of its upside, that is when they are likely to sell and recycle the money into other opportunities. They used Richemont (Cartier) as an example where they had to model the Chinese market and consumer recession as the downside. As there was no data, they looked at the Japanese consumer and modelled around this. When the recession came the bottom was not dissimilar to what they had modelled and now the stock is moving to the top of their returns.

Phillips is a relatively new holding and is suffering from a recall of one of its products. There is litigation against the company, and they have modelled the worst-case scenario to see the potential upside and downside risks. The market is playing more on the downside and so they are happy to wait and take the divided because they believe there is plenty of upside potential

They place companies across five areas – trouble compounding machines, ex-growth cash generators, profitable transformation, capital intensity and special situations. The highest concentration is in the first two buckets to ensure the risk is appropriately spread.

Much of what they do is identifying what is different about a company and what opportunities they hold. Qualcomm, as an example, has chips which manufacturers need for electric vehicles. However when Apple looked to sue them this was seen as negative. Apple have since signed a six-year contract with Qualcomm for their chips.

Pepsi is seen as fizzy drink business but this is just 7% of the business and they dominate the snack market. Inditex and H&M are two online retailers looking at how they make their clothes more environmentally sustainable, and they have the margins to do this. Shell and Total are benefiting from rising oil prices and using the cash to invest in renewables. Cisco are more of a software company and specialists in security.

In summary, this is a value fund but it is looking at quality businesses that have fallen out of favour. There is a strong valuation discipline and understanding of the potential upside and downside risks. This is not a value play where they are waiting on one outcome and often it is about understanding what the market doesn't see. We continue to watch and monitor this fund as we feel this could be an alternative strategy to some of the more high-octane growth funds in the market currently.

The source of information in this note has been provided by RWC and is correct as at January 2022. 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.