

**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 31st January 2022:

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------|--------|---------|--------|--------|--------|--------|
| Ninety-One Global Special Situations Fund | 36.81% | 17.98% | -14.57% | 21.01% | -9.41% | 16.05% | 0.22% |
| MSCI ACWI NR EUR | 28.66% | 13.24% | -3.79% | 21.71% | 12.67% | 19.63% | -4.00% |

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 | 19.40% | 14.84% | 26.09% | 75.80% |
| MSCI ACWI NR EUR | 15.89% | 50.75% | 70.05% | 120.76% |

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 |
|----------------|--------------|----------------------|------------------------|-----------------|------|--------|--------------|
| 21.24 | 96.83 | 107.52 | 195.23 | 50.77 | 1.77 | -17.10 | Value/Mid |

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| Volatility Measurements | |
|----------------------------|--------|
| 3-Yr Std Dev (volatility) | 30.17% |
| 3-Yr Mean Return (average) | 4.72% |

| Investment Style Details | |
|--------------------------|--------|
| Giant | 16.06% |
| Large | 26.09% |
| Medium | 27.01% |
| Small | 18.33% |
| Micro | 7.15% |

| Top 5 Holdings (39 holdings) | | |
|------------------------------|--------------------|-------|
| AerCap Holdings NV | Industrials | 6.03% |
| McKesson Corp | Healthcare | 6.28% |
| Bank of America Corp | Financial Services | 5.07% |
| British American Tobacco PLC | Consumer Defensive | 4.31% |
| Adient PLC | Consumer Cyclical | 4.12% |

| Top 5 Sectors | |
|------------------------|--------|
| Consumer Cyclical | 27.31% |
| Financial Services | 17.87% |
| Industrials | 16.50% |
| Consumer Defensive | 11.40% |
| Communication Services | 10.03% |

| Top 5 Regions | |
|-----------------|--------|
| US | 54.83% |
| United Kingdom | 21.92% |
| Eurozone | 12.91% |
| Asia – Emerging | 6.86% |
| Latin America | 1.75% |

UPDATE....

We have previously met the team and we are impressed with what they do. The challenge is whether they are right. The difficulty is that for the last few years the style of investing they have adopted has been out of favour. This has meant anyone investing with them would have been disappointed with returns. However, the market has moved towards their style of investing and over the last 12-months we have seen this strategy outperform.

Before we share some thoughts on the strategy, the dilemma for any investor now is whether there is a fundamental shift in where returns will come from over the next ten years, or whether this is a short-term shift.

There are factors in play around inflation and interest rates which could make this a short-term shift. Our view is therefore to wait 12-months and watch the market. Some will argue (and they would be one) that in doing this we will join the party too late. But we would counter this by saying we are looking for a ten-year investment and if their thesis is correct, whether we join the party now or in 12-months, would make little difference.

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As a team they believe they are doing something very different. They look for the very best ideas, and this can mean that they will hold big tech if they believe the opportunities are there. So, they hold the likes of Tencent and Facebook because they are great businesses at extreme discounts. This highlights why they think they are different. They are looking for mispriced assets irrespective of the sector or geography.

They then look to invest across five buckets – fallen angels, cyclical leaders, special situations, hidden assets, and deep value. Over time they have moved across these different areas, but the majority of assets tend to be in fallen angels and cyclical leaders. Although they have more in fallen angels and cyclical leaders, they are happy to invest more into deep value if the opportunities arise.

Sell-offs as we are seeing now open up great opportunities for the fund and it enables them to identify great companies with cheap valuations. We talked about ESG and whether this is negative for the fund, and they explained that if a business is taking it seriously then they are happy to invest.

Where investors get confused with a strategy like this is that it offers a broad exposure across regions and sectors. The strategy holds companies like Bank of America, Twitter, cars.com and Big Lots.

In summary, where pure growth strategies have dominated the fund space, this has lagged. As there has been a rotation over the last 12-months to companies that are mis-priced, this fund has started to outperform. We don't know whether this is long-term, and investors need to make that decision before deciding whether this is the fund for them.

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