

SHINING A LIGHT ON THE.....
Morgan Stanley Funds (UK) Global Brands Fund

AT A GLANCE

Investment Objective
The Fund aims to grow your investment over 5 - 10 years. The Fund invests at least 80% of its assets in shares of companies in developed countries on a global basis.

Inception Date	3 rd February 2003
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04N5T

Management	
Manager Name	Start Date
Bruno Poulson	22 nd June 2009
Vladmir Demine	22 nd June 2009
Marcus Watson	22 nd June 2009
William Lock	22 nd June 2009
Nic Sochovsky	6 th January 2016
Nathan Wong	19 th July 2017
Alex Gabriele	30 th September 2017
Richard Perrott	30 th September 2017
Helena Miles	1 st July 2020
Fei Teng	1 st July 2020

FUND PERFORMANCE

Performance from 1st January 2016 to 31st March 2022:

	2016	2017	2018	2019	2020	2021	2022
Morgan Stanley UK Global Brands Fund	25.51%	14.76%	3.52%	25.39%	9.18%	24.00%	-5.44%
MSCI World NR	28.24%	11.80%	-3.04%	22.74%	12.32%	22.94%	-2.43%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since Launch
Morgan Stanley UK Global Brands Fund	16.25%	43.52%	76.00%	1,006.46%
MSCI World NR	15.39%	50.43%	70.56%	618.76%

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.

LWM Consultants Ltd

Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
8.82	-0.20	90.30	82.32	69.66	41.67	0.74	2.74	Blend/Large

Volatility Measurements	
3-Yr Std Dev (volatility)	12.74%
3-Yr Mean Return (average)	12.84%

Investment Style Details	
Giant	-
Large	-
Medium	-
Small	-
Micro	-

Top 5 Holdings – 32 Equity Holdings		
Microsoft Corp	Technology	9.36%
Philip Morris International Inc	Consumer Defensive	8.10%
Reckitt Benckiser Group PLC	Consumer Defensive	6.25%
Visa Inc Class A	Financial Services	5.73%
Danaher Corp	Healthcare	5.09%

Top 5 Sectors	
Consumer Defensive	27.72%
Healthcare	23.74%
Technology	22.25%
Financial Services	11.04%
Industrials	9.03%

Top Regions	
United States	78.13%
Eurozone	13.02%
United Kingdom	8.85%

UPDATE....

We have reviewed this fund several times. It is guided by two rules:

Rule 1: Don't lose money

Rule 2: Don't forget RULE 1

The team strive to avoid the permanent destruction of capital.

It is about investing in the very best companies that can compound over time. This may seem a dull strategy, but it is the type of strategy that is good during periods of uncertainty. These types of companies have strong balance sheets, pricing power, recurring revenues, resilient earnings, and reasonable relative valuations.

LWM Consultants Ltd

In terms of the holdings, these have out-compounded the wider market and they have better free cash flow compared to the market, meaning these are companies that can invest and grow.

In terms of performance, this was mixed. In IT they are invested in software and IT services and were slightly behind the overall IT sector. In healthcare they are invested in equipment and life sciences and outperformed the index, and then with consumer staples they are invested in tobacco, beverages, household and personal and were behind the index.

In terms of activity, in the last quarter they have taken profits from some of the stocks that have done well. This includes Proctor and Gamble, Becton Dickinson, ADP and Pernod Ricard, and have topped-up those stocks that have underperformed (LVMH, Nike, L'Oréal, Estee Lauder and Danaher).

They have sold FactSet due to valuations and added Otis and Equifax. With Equifax this is a turnaround business and has strong growth within the work force solution part of the business.

They actively engage with the businesses they invest in and examples include:

Accenture – engagement across pay and decarbonisation

Nike – decarbonisation and cotton supply chains

Relx – deforestation, diversity and inclusion and decarbonisation

The fund has moved away from the more growthier names to slower growing but compounding companies. The aim is to protect on the downside, and in this environment they feel it is important to be more defensive.

In summary, this strategy is really an investors safety net, which could be seen as boring. When one style is racing ahead in terms of performance this is likely to lag, but when markets are volatile then this is likely the type of strategy investors turn to.

These are the very best global companies that can compound earnings and grow. In an environment with such uncertainty, it is these types of companies that investors turn to.

The source of information in this note has been provided by Morgan Stanley and is correct as of April 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.